



GLOBAL ISSUES IN CRIME AND JUSTICE

# Economic Crime

From Conception to Response

Mark Button, Branislav Hock and David Shepherd

ROUTLEDGE 

‘The scope of economic crimes are unparalleled in modern times, particularly with the rise of the Internet and online financial services. This work provides an excellent approach to understand these offenses, and the individuals responsible. It is essential reading for professionals and the academy’.

*Thomas Holt, School of Criminal Justice at  
Michigan State University, USA*

‘This volume makes a convincing case for an offense-based approach to the category of economic crimes, ranging from corporate cartels and money laundering, to counterfeiting, industrial espionage and intellectual property crime. It provides an encompassing overview of these crimes as well as a highly up-to-date and integrated discussion of national, transnational and private policing of economic crimes. An accessible and well-written introduction that is useful to anyone interested in understanding the character and harmfulness of crimes in the context of global business, as well as in the design of smart prevention strategies’.

*Judith van Erp, Professor of Regulatory Governance,  
Utrecht University, The Netherlands*

‘This is a very helpful compendium to guide private and public sector practitioners and scholars through a rapidly evolving field of theory and action, and a clarion call for more serious evidence-based resourcing and policy attention to a range of economic crimes’.

*Michael Levi, Professor of Criminology, Cardiff University*

‘This book delivers on the case for economic criminology! In an engaging and accessible style, it walks the reader through the complexity of the types, causes and consequences of economic crimes. Effectively balancing theory and practice, and not shying away from critical definitional issues, it is chock full of illustrative and provocative examples. Button, Hock and Shepherd have created a strong foundation for students, scholars, policy makers and practitioners to further advance this critical yet understudied area of criminology’.

*Jeremy M. Wilson, Professor, School of Criminal Justice,  
Michigan State University, US*

‘This is a go-to text for understanding the latest patterns in the fast-evolving area of economic crime. The authors combine analytical clarity with an entertaining readable style, providing fascinating insights into an area that is under-researched despite being an increasingly present part of our lives’.

*Elizabeth Dávid-Barrett, Professor of Governance and  
Integrity, University of Sussex*



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# Economic Crime

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This book is the first attempt to establish ‘economic crime’ as a new sub-discipline within criminology. Fraud, corruption, bribery, money laundering, price-fixing cartels and intellectual property crimes pursued typically for financial and professional gain, have devastating consequences for the prosperity of economic life. While most police forces in the UK and the USA have an ‘economic crime’ department, and many European bodies such as Europol use the term and develop strategies and structures to deal with it, it is yet to gain traction as a widely used term in the academic community. *Economic Crime: From Conception to Response* aims to change that and covers:

- definitions of the key premises of economic crime as the academic sub-discipline within criminology;
- an overview of the key research on each of the crimes associated with economic crime;
- public, private and global responses to economic crime across its different forms and sectors of the economy, both within the UK and globally.

This book is an essential resource for students, academics and practitioners engaged with aspects of economic crime, as well as the related areas of financial crime, white-collar crime and crimes of the powerful.

**Mark Button** is Professor of Criminology and Director of the Centre for Counter Fraud Studies at the University of Portsmouth, UK.

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# Economic Crime

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From Conception to Response

Mark Button, Branislav Hock and  
David Shepherd

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# Abbreviations

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ABC	anti-bribery compliance programmes
ACC	Australian Competition & Consumer Commission
ACFE	Association of Certified Fraud Examiners
AML	anti-money laundering
BHRA	British Horse Racing Authority
BTP	British Transport Police
CDSC	Company Development and Selection Committee
CFCD	Counter Fraud, Compliance and Debt
CMA	Competition and Markets Authority
CPS	Crown Prosecution Service
CRO	Civil Recovery Orders
CSEW	Crime Survey for England and Wales
DCPCU	Dedicated Card and Payment Crime Unit
DDoS	distributed denial of service attacks
DMCA	Digital Millennium Copyright Act
DOJ	Department of Justice
DPA	deferred prosecution agreement
DWP	Department for Work and Pensions
EPPO	European Public Prosecutor's Office
EU	European Union
EUIPO	European Union Intellectual Property Office
FACT	Federation Against Copyright Theft
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigations
FCA	Financial Conduct Authority
FCPA	Foreign Corrupt Practices Act
FCTC	Framework Convention on Tobacco Control
FIFA	Fédération Internationale de Football Association
FSA	Food Standards Agency
FTC	Federal Trade Commission
GDPR	General Data Protection Regulation

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GI	geographical indications
GRECO	Group of States Against Corruption
GTRI	General Trade-Related Index of Counterfeiting
HMG	Her Majesty's Government
HMICFRS	Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services
HMRC	Her Majesty's Revenue and Customs
IACC	International Anti-Corruption Coordination Centre
ICC	International Chamber of Commerce
ICCACU	International Cricket Council Anti-Corruption Unit
ICT	information communication technology
ICU	International Corruption Unit
IFED	Insurance Fraud Enforcement Department
IP	Intellectual Property
IPO	Intellectual Property Office
IRS	Internal Revenue Service
JMLIT	Joint Money Laundering Intelligence Taskforce
MDP	Ministry of Defence Police
MLR	Money Laundering Regulations
MPS	Metropolitan Police Service
MTIC	Missing Trader Intra-Community Fraud
NAEA	National Association of Estate Agents
NCA	National Crime Agency
NCCT	Non-Cooperative Countries and Territories
NECC	National Economic Crime Centre
NFIB	National Fraud Intelligence Bureau
NGO	Non-Governmental Organisation
NHS	National Health Service
NPA	non-prosecution agreement
NPCC	National Police Chiefs' Council
OCG	Organised Crime Group
OECD	Organisation for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
ONS	Office for National Statistics
OPBAS	Office of Professional Body Anti-Money Laundering Supervision
PIC	Private International Cartel
PIPCU	Police Intellectual Property Crime Unit
POCA	Proceeds of Crime Act
ROCU	Regional Organised Crime Units
RRD	Rolls Royce Deutschland
SAR	suspicious activity report
SEC	Securities and Exchange Commission

SFO	Serious Fraud Office
SME	small and medium-sized enterprises
SRA	Solicitors Regulation Authority
TECAS	Tackling Economic Crime Awards
TFEU	Treaty on the Functioning of the European Union
TIU	Tennis Integrity Unit
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UKFIU	UK Financial Intelligence Unit
UNCAC	United Nations Convention Against Corruption
UNTOC	United Nations Convention Against Transnational Organized Crime
UWO	Unexplained Wealth Orders
WCO	World Customs Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

# Economic crime and economic criminology

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## Introduction

In the midst of the summer of 2021, Boris Johnson's government in the UK published a crime plan (Home Office, 2021). A few days earlier the Office for National Statistics (ONS) had released the latest crime statistics from the Crime Survey for England and Wales (CSEW). This had shown a 36% increase in fraud and computer misuse offences, which now accounted for the clear majority of crimes – 6.3 million of the 11.1 million estimated crimes (ONS, 2021). One would have expected a flourish of media interest and comment on the plan, particularly as it contained a whole chapter on fraud and online offences, on what the impact on fraud might be. The media, however, were much more interested in other aspects of the plan:

“Boris Johnson pledges to target crime and anti-social behaviour”  
– *BBC News*

“Freed burglars to wear 24-hour tags under Prime Minister's Crime Crackdown” – *Telegraph*

“Thieves tagged 24-hours a day and crooks forced to clean streets in crime crackdown” – *Express*

Typical of much of the commentary was the focus on aspects of the plan dedicated to traditional crime problems. Given the plan included replacing Action Fraud (with a new reporting system) – an organisation steeped in controversy in the UK, this might seem doubly surprising.<sup>1</sup> This typifies the media's attitude to economic crime: apathy unless a story contains sensationalist infotainment value (Levi, 2006; van Erp, 2013).

Apathy is not restricted to just journalists: economic crime has attracted little serious attention in academia and policing practice. While the study of traditional volume crimes such as robbery, burglary and theft have received a great deal of attention by criminologists, economic crimes such as fraud and bribery have largely been ignored (Brooks, 2016; Levi, 2008a; Rider, 2015a). Be it the

complexity of these crimes or an erroneous perception that economic crimes are victimless crimes, academics and practitioners have not paid sufficient attention to the unique practical and theoretical problems of economic crimes. *Economic Crime: From Conception to Response* fills this gap by introducing the origins and development of economic crime as a subject of social science research.

This chapter explores the term ‘white-collar crime’, the traditional home for the study of most economic crimes, and the term ‘corruption’, and illustrates their strengths and theoretical and practical limitations for the study of contemporary economic crime problems. The chapter then builds the case for the concept of economic crime, constructing its key components, definition and offering insights into the origin of the crime. The link to corruption – which has attracted more interest amongst scholars and practitioners – is also explored. The chapter will then argue that economic crime deserves far more attention, setting out the case for what the authors call ‘economic criminology’, a new paradigm within criminological research, study and practice. The chapter will end by outlining the rest of the book.

### **White-collar crime and corruption**

#### ***White-collar crime***

White-collar crime has become the ‘lingua franca’ for encapsulating many of the economic crimes that will be considered in this book. It is not a legal term for a specific offence: a person cannot be charged with white-collar crime. Rather, it is a social science concept originally coined by Edwin Sutherland, a prominent American criminologist:

White-collar crime may be defined approximately as a crime committed by a person of respectability and high social status in the course of his occupation.

(Sutherland, 1949, p. 9)

Sutherland (1940) devised the phrase to represent a group, or typology, of offending behaviours that share common offender and contextual characteristics:

- White-collar criminals are respectable offenders.
- Their offences involve an abuse of trust.
- Their criminal activities are integrated into their professional work routines.

Sutherland sought to bring attention to the hidden financial crimes and immoral practices of corporations and the professional elite, including fraud, bribery, false advertising, price-fixing and intellectual property crime. In doing

so, he exposed the stark contrast in attitudes towards white-collar crimes and the physical 'street' crimes of violence, vandalism and theft. He noticed how policymakers, criminal enforcement agencies and academics paid scant regard to the very substantial crimes of the wealthy, preferring to focus their efforts on the far more modest crimes of the disadvantaged. He argued with some passion that the immunity of white-collar criminals to prosecution is due to class bias in the courts and the power of the privileged class to influence the administration of the law (Sutherland, 1940). This led to his central conclusion that the propensity to commit crime is essentially the same in the upper and lower classes, but the types of crimes differ due to opportunity.

Edwin Sutherland's original concept was not just concerned with financial crimes. It also encompassed financially motivated physical crimes, such as labour abuses, health and safety violations, environmental harms and even financially motivated war crimes (Friedrichs, 2002, 2010; Sutherland, 1945, 1983). Sutherland used the crime label loosely so as to include non-criminal wrongdoing, which was typically handled by regulatory authorities or litigated through the civil courts, but which he believed should be regarded as criminal and prosecuted as crimes.

Debates about the definition and scope of white-collar crime have continued since Sutherland coined the term (Geis, 2016). Arguments and definitions have emerged that either narrow or expand its typological scope. Some maintain a purely legalistic view, that the term white-collar crime should only be applied to acts which have been prosecuted and proven in criminal courts (Tappan, 1947). Others have a completely contrary view, claiming that the acts are matters for regulators, not the criminal courts (Dinitz, 1977). Shapiro (1990) argues that the concept's narrow focus on the *offender*, the respectable professional, hinders our understanding of the *offence*. Shapiro called for the concept to be liberated from the constraints of the offender's characteristics in order to focus research attention on the deviant behaviour. She maintained that the defining characteristic of white-collar crime is the abuse of trust element of Sutherland's concept (*ibid.*).

Later academics followed Shapiro's call to focus on the offence and expanded the scope of white-collar crime to include 'blue collar' and non-occupational offenders who commit fraud (Weisburd et al., 1994, 2001). From a feminist criminology perspective, Daly (1989) argued that Sutherland's definition is gender biased because corporate white-collar workers are predominantly men. Daly broadened the concept to include anyone, including blue-collar workers and unemployed persons, who violate trust or commit fraud. Some commentators have criticised this downward trajectory that trivialises white-collar crime and ignores the importance of power that is integral and central to the concept (Pontell, 2016). It is also somewhat absurd to, in effect, excise the 'white-collar' part of the concept so that all we are left with is 'crime'.

A key problem that Pontell (2016) alludes to is that many academics have struggled to find a conceptual home for their research into the non-physical,

financially motivated criminality of offenders who are not ‘white collar’. As a consequence, instead of developing an appropriate framework, they have followed Shapiro’s lead and corrupted the white-collar concept to conveniently squeeze their work into the white-collar scholarship.

In an attempt to develop a unified meaning, the White Collar Crime Center in the USA commissioned a group of academics to develop a definition. Their formulation describes the offence as criminal or unethical (i.e. non-criminal) and a violation of trust, the offender as an organisation or a high-status individual and the context as occupational (Cliff & Desilets, 2014, p. 487):

Illegal or unethical acts that violate fiduciary responsibility of public trust, committed by an individual or organization, usually during the course of legitimate occupational activity, by persons of high or respectable social status for personal or organizational gain.

However, illustrating how readily people abandon the definition, Cliff and Desilets (2014) immediately introduced terrorism and romance fraud as examples of white-collar crime, yet neither crime exhibits fiduciary responsibility, public trust, legitimate occupational activity or respectable persons.

### **Corruption**

Compared to white-collar crime, corruption is an even more slippery concept to define. There is, as Gorta (2006) points out, no universally accepted definition of corruption. A major problem with the concept is that it means very different things to different people in different contexts. Some see ‘corruption’ as a form of large social inequality, and when politics and law-making produce unfair and ineffective laws (see Chapter 3). Others view corruption as a fluid concept because it is highly dependent on local cultural norms and laws (Brooks, 2016; Eicher, 2012; Fletcher & Herrmann, 2012; Hough, 2013). For example, Guanxi is a central cultural idea in China that refers to the networks of personal relationships that enable members to support each other (Zhoa & Ha-Brookshire, 2018). It allows members of a social network to expect assistance of favours from other members. This expectation to provide mutual assistance permeates Chinese society and is an inherent component of commerce in China (Zhuang et al., 2010). From a Western ethical perspective, Guanxi bears the hallmarks of corruption, but such an accusation might be rejected by Chinese people as it is so rooted in their culture (Graycar & Prenzler, 2013).

Corruption is frequently used synonymously with bribery, mainly because bribery is the most recognisable, and probably the most frequent, species of corruption. However, as Chapter 3 explains, corruption is a typological collection of crimes, and bribery is just one of them. The typology varies widely in the literature, variously including bribery, conflict of interest, clientelism,

cronyism, extortion, favouritism, fraud, nepotism, political lobbying, state capture, theft, trading in influence, vote rigging and others (Graycar & Smith, 2011; Langseth, 2006; OECD, 2014; Transparency International, 2011). This list of offences illustrates a perceptual problem with the definition of corruption. It encompasses such a broad range of offences that it is difficult to identify the core concepts or characteristics that coherently link them: how is physical theft associated with nepotism and vote rigging?

The features that unify ‘corruption offences’ are the characteristics of the offender and the underlying behaviour of the offender. Transparency International (n.d.) defines corruption as ‘the abuse of entrusted power for private gain’. There are variations on the TI definition, for example, the OECD (2014) defines it as the ‘abuse of public or private office for personal gain’. These definitions reveal the three key attributes of corruption:

- At least one offender in any corrupt event holds a position of power and trust.
- Their offences involve an abuse of that entrusted power.
- Their criminal activities are integrated into their occupational work routines.

Applying this conceptual construction to theft, we see that not all theft is corruption. Theft is only a type of corruption when, for example, the offender is a rogue politician who steals state assets. The core attributes of corruption suggest it is very close to Sutherland’s white-collar crime concept. However, there are important conceptual differences, which in turn lead to a different, though overlapping typology. Firstly, whereas white-collar crime predominantly focuses on the private sector, corruption includes the illicit activities of those entrusted with power in both the private and public sectors. Secondly, whereas the dominant underlying motivation in white collar is financial, corruption is also concerned with political power. The study of corruption is particularly interested in the grand and political corruption of the ruling elites who use corruption as a tool to achieve and maintain their political power as well as their wealth (Fletcher & Hermann, 2012; see Chapter 3). Thirdly, corruption encompasses lower status public officials in positions of relatively modest power such as corrupt police officers and customs officers who abuse their occupational positions of public trust.

### **Financial crime**

‘Financial crime’ is another common term which has grown in use to describe white-collar and economic type crimes. It has tended to be used to cover fraud and money-laundering offences and has gradually been expanding in scope to cover acts such as bribery (Levi, 2015). There are clear overlaps with economic crime, but the term’s weakness for the authors is that ‘financial’ could

clearly imply all acquisitive crime that leads to a financial benefit. It is too broad. As this chapter will shortly illustrate, the benefit of 'economic' over financial is that it limits the scope of activities, more clearly excluding crimes such as burglary, which are based upon force.

## **Economic crime and deviance**

### ***Economic crime, white-collar crime and corruption***

All the above discussion illustrates the lack of consensus around the definition of white-collar crime and corruption, the limitations of these concepts and their elasticity. Our conception of economic crime respects and builds upon the discussion of white-collar crime and corruption. The power of Sutherland's formulation in bringing attention to the criminality of respectable professionals during the course of their work should be respected. By creating a conceptual framework under the banner 'economic crime', this book respects Sutherland's formulation whilst avoiding its constraints. Taking the cue from Daly (1989) and Shapiro (1990), economic crime is conceptualised around the core characteristics of the offence rather than the attributes of the offenders. More specifically, it focuses on the group of offences which share characteristics under the 'economic crime' umbrella irrespective of the status of the offender or the occupational context of the crimes. The core characteristics common to all economic crimes are financial motivation and secretive deception.

Turning to the influence of corruption, from one perspective, the concept provides a means to address broad questions of fairness, morality and legitimacy of existing societal systems and institutions. From another perspective, corruption is a broad typology of offences and wrongs involving the abuse of entrusted power for private gain (see Chapter 3). The latter, more conventional understanding of the term 'corruption' informs the discussion about economic crime in that many, but not all, economic crimes do exhibit abuse of trust, just as some corruption and white-collar crime offences involve deception.

Like white-collar crime, a key issue with the economic crime label is that it is not a specified offence in law; rather it is a social science concept and a typology of offences that exhibit the financial motivation and deception characteristics. Furthermore, the 'crime' label does not reflect the many deviant acts which are often classified as civil torts or regulatory breaches instead of crimes. However, as Sutherland (1949) argued in relation to white-collar crime, the importance is not the judicial process or outcome, but whether such behaviours should be regarded as crimes and subject to criminal laws.

The 'crime' label has also become increasingly nebulous in the international context because jurisdictions differ significantly in the treatment of prohibited

behaviours (see Chapter 11). Consider, for example, the transborder cartel activity whereby corporations illegally conspire to fix product prices. In this area, the EU, its Member States and the UK enforce antitrust rules by imposing non-criminal, administrative sanctions on corporations based on Article 101 of the Treaty on the Functioning of the European Union (TFEU). On the other hand, national criminal enforcement is used against individuals who break the antitrust laws (Whelan, 2012). This is very different from the US antitrust enforcement regime: the Sherman Act (1890) gives the Department of Justice (DOJ) the authority to bring criminal charges against both corporations and individuals (see Chapter 4). To overcome these definitional problems, this book deliberately follows Sutherland's practice in applying 'crime' to deviant behaviour as well as acts specified as criminal in law.

As Tappan (1947) explicated, a final issue associated with the economic crime term, and indeed with all types of crime, arises from the rule of law (see Chapter 10). Justice systems demand that egregious acts are independently examined by authorised bodies before they can be labelled crimes, regulatory breaches or civil wrongs. The courts and the regulators ultimately decide whether a wrongdoing has occurred and whether a defendant is a wrongdoer. In addition, independent police services identify and record all incidents which they believe qualify as crimes (Maguire & McVie, 2017). However, as only a tiny fraction of economic crime incidents catch the attention of the authorities, applying these legal constraints would severely restrict the study of economic crime because it would appear to be a minor crime problem and unworthy of attention. To overcome this problem, practitioners and academics alike have to make conceptual adjustments in order to accommodate all events where there would be a *prima facie* case for criminal, civil or regulatory justice if they were detected and presented to the authorities.

To summarise this section, by avoiding the constraints of occupational position, social status, abuse of trust and proven criminality as defining characteristics, and by focusing on financially motivated deceptive behaviour, economic crime has a distinct conceptual role with significant advantages in enabling broad lines of coherent sociological enquiry into behaviour, social structures, institutions, prevention and enforcement practices.

### ***Ubiquity of 'economic crime'***

In recognising the case for 'economic crime', it is also important to acknowledge the growing ubiquity of the term. 'Economic crime' has become more common in the lexicon of policymakers, law enforcement and academics in the UK and beyond. The premier conference in this field in the world organised by Professor Barry Rider, 'The Cambridge International Symposium on Economic Crime', has run since 1982 using 'economic crime' as the central

banner. The UK government has an economic crime plan (Home Office, 2019). Furthermore, the National Crime Agency hosts the National Economic Crime Centre (NECC), the Crown Prosecution Service has an economic crime strategy (see HM Treasury & Home Office, 2021). Economic crime has become one of the most common terms used to describe specialist police units that focus on fraud, money laundering and cyber-enabled offences in the UK. Button et al. (2015) found that 41 out of 48 police forces in the UK had some form of specialist unit dealing with economic crimes, and of these 29 at the time had economic crime in the title. At a global level, the United Nations Office on Drugs and Crime (UNODC) has a 'Corruption and Economic Crime Branch', the Council of Europe has an 'Economic Crime and Cooperation Division' and Europol has a 'European Financial and Economic Crime Centre'. Several other countries also use the term, such as Sweden's 'Economic Crime Authority' and Nigeria's 'Economic and Financial Crimes Commission' to name some.

### ***Economic crime and the economy***

The term 'economic', which is the social science term concerned with the production, distribution and consumption of goods and services, provides the foundations for considering the crimes and wrongs in this book. Most frauds occur within the supply and consumption of goods and services; corruption is often associated with purchasing; money-laundering lurks in the shadows of the financial outputs from the production, distribution and consumption of goods and services; intellectual property crime is associated with the production, distribution and consumption of goods and services; and market manipulation is a form of economic market failure. Most, but not all, the crimes and wrongs considered in this book largely occur *through* the production, distribution and consumption of goods and services, whereas most, but not all, traditional volume crimes are physical crimes that occur through normal social life. Table 1.1 provides examples that illustrate the distinction.

There are of course traditional volume crimes that also link to the economy, shoplifting is a prime example. However, physical acquisitive crimes are excluded from our conceptualisation of deceptive economic crime. The essence of the crimes and wrongs that will be considered in this book is that they are anchored within the economic system, the operation of the market and the financial systems. These economic features provide the foundation for the development of our definition of economic crime in the next section. Some crimes, such as corporate cartel offences, sit at the heart of the market economy. Others are more peripheral, for example, person-to-person identity fraud, but they are nevertheless included because many of their forms are financially motivated crimes of deception that exploit the financial systems.

Table 1.1 The context of volume crimes

<i>Crime</i>	<i>Conduct</i>	<i>Context</i>
Burglary	Homeowner returns from holiday to discover house has been burgled	Social, physical
Robbery	Teenager with expensive mobile phone mugged by gang who steal it	Social, physical
Car theft	Car parked in street stolen by gang of car thieves	Social, physical
Fraud	Family purchase holiday online and later discover the website is fake Mobile phone shop experiences customers with false identity purchase phones who then disappear never to pay again	Economic supply and consumption
Bribery	Buyer in company seeking to secure a supply of fleet of vehicles takes bribe to favour one car dealership	Economic supply and consumption
Cartel price-fixing	Three manufacturers with very large market share agree to increase prices of their products	Economic production
Money laundering	A drug cartel uses a professional enabler to hide the true nature of crime proceeds and purchase with them legitimate assets	Economic supply and consumption

### ***Economic crime and existing definitions***

Whilst white-collar crime can be traced back to the USA and Sutherland's works of the 1940s, the notion of 'economic crime' has its origins in Europe where economic or business crimes are distinguished from other crime types because they are subject to separate legal treatment in law (Leigh, 1980, p. ix; Levi, 2015). The common law systems of the Anglo-Saxon world are less familiar with this compartmentalised approach. However, despite the strong legal origins of the term, Leigh (1980) offered no definition of economic crime. Indeed, searching academic outputs that have explored economic crime very few have provided coherent definitions that distinguish it from white-collar crime. For example, Dinitz (1977) set out to provide a detailed definition of economic crime based on deception, concealment and secrecy. Although these characteristics are apposite for economic crime, Dinitz's definition is unhelpful as it is grounded in Edelhertz's (1970) earlier definition of white-collar crime. Furthermore, in direct opposition to Sutherland, Dinitz (1977) argued that deviant business behaviour is not a crime problem, rather it is a matter of appropriate regulation.

Perhaps the first significant attempt at a definition can be traced back to the 8th Conference of European Ministers of Justice held in Stockholm in 1973, which discussed economic crime and led to the 12th Conference of Directors of Criminological Research to discuss the 'criminological aspects of economic crime'. Their work focused on the crimes of business, which impacted on the efficiency of the European economy. It culminated in Recommendation R(81)12, a list of powerful policy recommendations to protect the economy and consumers from business malpractice (Council of Europe, 1981). It also provided the following typological definition of economic crime.

Owing to the generally recognised difficulty of giving an exact definition of economic crime, it was found necessary to delimit the concept by means of a list of offences:

- 1 cartel offences;
- 2 fraudulent practices and abuse of economic situation by multinational companies;
- 3 fraudulent procurement or abuse of state or international organisations' grants;
- 4 computer crime (e.g. theft of data, violation of secrets, manipulation of computerised data);
- 5 bogus firms;
- 6 faking of company balance sheets and book-keeping offences;
- 7 fraud concerning economic situation and corporate capital of companies;
- 8 violation by a company of standards of security and health concerning employees;
- 9 fraud to the detriment of creditors (e.g. bankruptcy, violation of intellectual and industrial property rights);
- 10 consumer fraud (in particular falsification of and misleading statements on goods, offences against public health, abuse of consumers' weakness or inexperience);
- 11 unfair competition (including bribery of an employee of a competing company) and misleading advertising;
- 12 fiscal offences and evasion of social costs by enterprises;
- 13 customs offences (e.g. evasion of customs duties, breach of quota restrictions);
- 14 offences concerning money and currency regulations;
- 15 stock exchange and bank offences (e.g. fraudulent stock exchange manipulation and abuse of the public's inexperience);
- 16 offences against the environment (Council of Europe Committee of Ministers, 1981).

The difficulty with the Committee's offence typology is that it is, again, essentially a restatement of white-collar crime. It focuses on high-status

corporate crimes and includes health, safety and environmental offences but excludes offenders and offences outside of the occupational context. The 'loose' use of the term as noted by Tupman (2015) illustrates the need to try and draw clearer boundaries to it.

Table 1.2 sets out and compares a range of alternative typological definitions created by various organisations and academics. It clearly illustrates the lack of consensus as to which offences fall under the economic crime banner. The types of offences most commonly recognised are fraud, bribery and corruption and money laundering followed by intellectual property crime, which includes counterfeiting and industrial espionage, terrorist financing, market manipulation, sanctions evasion and cyber-dependent financially motivated crime. Most of the organisations in Table 1.2 use the phrase '*bribery and corruption*' due to their uncertainty about the meaning of corruption. This is unhelpful because, as previously explained, corruption is a wide typology of crimes that includes bribery as well as offences like nepotism and vote rigging.

Attempts to construct conceptual definitions are often supplemented by a short offence typology and are usually both conceptually and typologically flawed. For example, Europol (n.d.) use both a conceptual definition and a short list of offences:

Economic crime, also known as financial crime, refers to illegal acts committed by an individual or a group of individuals to obtain a financial or professional advantage. The principal motive in such crimes is economic gain. Economic crime areas of specific interest to Europol joint investigation teams include:

- MTIC (Missing Trader Intra-Community Fraud) fraud, which involves the criminal exploitation of value-added-tax (VAT) rules in the EU, resulting in lost revenue running into the billions of euro for Member States;
- excise fraud, which refers to the smuggling of highly taxed commodities such as tobacco, alcohol and fuel;
- money laundering, the process of making the proceeds of criminal activity appear legal.

It is reasonable for Europol to associate economic crime with financial crime and to include individuals and groups of individuals as offenders, but it omits corporate entities. The reference to financial or professional advantage is so vague that it could encompass almost any crime, including drug dealing, burglary, modern slavery and even falsifying qualifications. It then lists a very narrow range of offences covering just tax evasion and money laundering whilst implying just one type of victim, government victims of lost tax revenue.

Table 1.2 Typologies of economic crime offences

	Fraud	Bribery	Corruption	Money laundering	Terrorist financing	Intellectual property crime	Market manipulation	Sanctions evasion	Financially motivated cybercrime	Environmental crime	Health and safety crime
Council of Europe (1981)	*	*					*		*	*	*
Europol	*			*			*				
HM Treasury; Home Office	*	*	*	*	*						
UK: National Crime Agency	*	*	*	*	*			*			
College of Policing	*	*	*		*						
Crown Prosecution Service	*	*	*	*	*		*	*			
House of Commons Library	*	*	*	*							
Deloitte	*	*	*	*				*			
UK Finance	*	*	*	*				*	*		
Bussmann and Werle (2006)	*	*	*	*		*					
Schneider (2006)	*	*	*	*		*	*			*	
TECAS	*	*	*	*		*			*		

Sources: Council of Europe Committee of Ministers (1981), Crown Prosecution Service (2021), Europol (n.d.), HM Treasury and Home Office (2019), College of Policing (n.d.), House of Commons Library (2020), UK Finance (n.d.), Deloitte (2020), Bussmann and Werle (2006), Schneider (2006), TECAS.

Willott et al. (2001, p. 443) offer an unusually wide definition that unhelpfully includes burglary:

We will use the term “economic crime” to indicate a range of financially motivated offenses, including offenses such as residential burglary, that are typically thought of as “blue collar” and offenses such as embezzlement and fraud, that are associated more with “white collar”.

Although burglary is financially motivated, it is a physically intrusive crime rather than based on secretive deception. An improved conceptual and typological definition is offered by Schneider (2006, p. 308), who defines economic crime as:

[...] a wide variety of nonviolent illegal acts of deception for financial gains that are committed by an individual, or an informal or formal organization that may take place both within and outside legitimate commerce. The most common economic crime offences include: credit card fraud, phone/ telemarketing fraud, computer/internet fraud, bankruptcy fraud, healthcare fraud, environmental law violations, insurance fraud, mail fraud, government fraud, tax evasion, financial fraud, securities fraud, insider trading, bribery, kickbacks, counterfeiting, public corruption, money laundering, embezzlement, economic espionage and antitrust violations.

Schneider’s definition is reasonable in embracing individual and organisational offenders, and the typology is very helpful. However, it is difficult to reconcile the conflict between economic crime and legitimate commerce: commerce must be illegitimate if it involves crime. Furthermore, the inclusion of environmental crimes is problematic as they are not always reliant on deception.

### ***Constructing a coherent definition of economic crime***

Drawing upon the positive aspects of previous attempts at defining economic crime, this book sets out the following conceptual and typological definition. The conceptual component of the definition focuses on the dominant characteristics common to economic crimes – financial motivation, deception, secrecy, absence of physical force and the intention to make a gain or cause a loss:

Economic crime is a typology of financially motivated crimes and deviant acts perpetrated by corporations, groups or individuals, which take place predominantly by deception, without threat of or actual physical force, against any person or entity, with the intention of making a

gain or causing a loss, and where there is a prima facie case for criminal, regulatory or civil justice. It commonly includes crimes predominantly linked to the production, distribution and consumption of goods and services, such as fraud, bribery, money laundering and terrorist financing, intellectual property crime, industrial (and economic) espionage, market manipulation, tax evasion, and financially motivated cybercrime.

Financial motivation driven by need, greed or lure provides the impetus for economic crime (Karstedt, 2016). Financial motivation refers to the desire to make an economic gain, or to cause a loss, which is usually monetary, but often involves assets or economic opportunities with financial value. The absence of physical force clearly differentiates economic crime from physical, acquisitive crimes. All the crimes involve deception and secrecy to some extent in their planning and execution, though it is important to note the targets of the deception varies between the offence types. Fraud schemes secretly deceive the targeted victims. Bribery schemes secretly deceive parties not involved in the schemes: for example, a buyer who secretly demands a kickback to award a supply contract deceives his employer and deceives the supplier's competitors. Price-fixing cartels secretly deceive the markets and the consumers. Money-laundering schemes secretly deceive unwitting participants, such as banks and estate agents. Counterfeit products are designed to deceive consumers by pretending they are genuine items, and they deceive governments through tax evasion. Industrial espionage involves secretly deceiving the targets of illicit information gathering.

Dishonesty is the very human attribute which enables the deception (Ariely, 2012) and takes two forms in economic crimes. The law recognises two forms of dishonesty (see the Fraud Act 2006). The most recognisable form is the intentional false statement or claim, but equally important is the silent dishonesty whereby a person deliberately conceals important information to deceive a victim. The level of secrecy required to successfully execute economic crimes depends on the type of offence. Most high volume, low value scams and identity frauds require the falsehood and the intent to remain obscured until completion, at which point they are often detected but the fraudsters will have disappeared into the electronic ether. Similarly, money-laundering schemes only need to be disguised until the crime proceeds have been sufficiently integrated into the economy.

However, those committing sustained, complex offences rely on continued secrecy to maintain their schemes and avoid detection. Price-fixing cartels and corporate bribery schemes have to operate deep in the shadows and can do so for many years (Andresen & Button, 2019; Oindrila De, 2010). ACFE (2020) found that occupation fraud schemes last for an average of 14 months. Even major investment frauds like Madoff's Ponzi scheme and corporate mis-selling schemes, such as the payment protection insurance (PPI) scandal in the UK, can continue operating in plain sight because the offenders' dishonesty and

intent is kept secret (Quisenberry, 2017; Tombs, 2013). Deception, dishonesty and secrecy are the attributes that make most economic crimes hard to detect, disrupt and bring to justice (van de Bunt, 2010). Unlike violence or burglary, economic crimes are not loudly declared by blood or broken windows (Pontell, 2016).

As with all concepts and typologies, there are ambiguities, limitations and inevitable murky boundaries. In particular, some behaviours captured by the typology do not exhibit all the characteristics of economic crime. Cultural and legal variations mean that a criminal act in one place is legal and acceptable in others (Fletcher & Herrmann, 2012). America is an illuminating example, where some forms of bribery within the private sector are legal in some states and illegal in others (Rohlfesen, 2012). Counterfeiting and piracy present a particular conceptual problem as they are high volume crimes that cause significant economic harm and deceive governments by way of tax evasion, but they are mostly conducted in plain sight without deceiving most consumers who knowingly acquire the products (Chapter 6; OECD and EUIPO, 2019). The solution to these issues is not a futile search for the perfect concept or definition, but to identify and explain discrepancies when they are encountered.

### **Justification for more interest in economic crime**

The most powerful justifications for engaging in a topic are quantitative: the size of the problem or the size of the benefit. A small problem or a small benefit justifies less attention and resources than a big problem or a big benefit. An essential paradox at the heart of economic crime is that it is a huge problem, but, reflecting the observations of Sutherland (1940), it attracts little attention from scholars, politicians, law enforcement, commerce and the public. The problem is not just the number and value of offences, it is also the consequential personal, social and economic impacts: financial crashes due to fraud and the failure of regulation, market failures due to cartel price-fixing, deaths from counterfeit products, mass deaths from terrorist financing and poverty driven by corruption.

The true scale of the problem is not known, but data is available that illustrates it is a far bigger problem than traditional volume crimes. This section examines available data. First, however, it introduces a theory that explains why it is important to measure the extent of economic crime, and some of the obstinate challenges in doing so.

### ***Deviancy attenuation and differential rationalisation***

There is an old saying, ‘what gets measured gets done’. The essence of this is that things, particularly problems such as crimes, need to be measured in order to stimulate action to reduce them (Button & Gee, 2013). Without adequate measurement, there would be no evidence of a problem and no need