

**The Relationship of Deterrence and Recidivism Rates on
White-collar Crimes**

Research Project for Emerging Issues/Advanced Topics Course

Master of Forensic Accounting Program University of Toronto

Prepared by Meera Abu Hejleh

June 9th, 2023

For Professor Leonard Brooks

Acknowledgments

I want to extend my heartfelt thanks to all those who helped me on my journey to finishing my thesis on the complex relationship between deterrence and white-collar offences. I would like to start by expressing my sincere gratitude to Professor Nathan Innocente; who served as my thesis mentor, for his excellent advice, knowledge, and unfailing support. His in-depth expertise and astute criticism significantly improved the calibre of this research. Additionally, I would like to express my gratitude to the professors who generously gave of their time and knowledge during discussions, and faculty members including Debby Keown, the program officer for the MFac program, and Michelle Bailey, the program coordinator, as well as other professors and specialists in the field. Their valuable inputs shaped the direction of my study.

I extend my gratitude to the numerous researchers and scholars whose previous research served as the foundation for my work by offering a thorough framework and shedding light on the complexities of the topic. I also want to thank my family and friends for their patience with me and support while I went through this challenging path. Even when things became difficult, they never stopped believing in my ability and encouraging me. I will always be appreciative of their love, tolerance, and unwavering assistance.

Lastly, the Institute of Management and Innovation at the University of Toronto, where and for whom this study was undertaken, has my heartfelt gratitude. Their facilities, support systems, and supportive environment encouraged intellectual development and gave me the skills I needed to succeed in this endeavour.

Without their combined efforts, encouragement, and support, my thesis would not have been finished. Even though their names might not be documented here, I will always remember the contributions they made. I want to express my gratitude to you all for being an important part of my educational journey and for assisting me in learning important lessons about the connection between deterrence and white-collar crimes.

Table of Contents

<i>Abstract</i>	7
<i>Introduction</i>	8
Background and Significance	8
Research Question and Objectives	9
Methodology	11
Thesis Structure	12
1. White-collar crimes definition.....	12
2. Current controls in North America are aimed at deterring white-collar crimes.....	12
3. Recidivism rates specifically for North America and White-collar crimes	12
4. Factors influencing deterrence and recidivism rates in white-collar crime.	12
5. Criminal justice system methodologies in prosecuting white collar crime offenders.....	13
6. Look into different industries and compare white-collar crime rates to see if there is a specific industry and compare why.	13
7. Recommended approaches that North American countries can implement to deter white-collar crime.	13
8. Recommended approaches that IFA’s forensic accountant can implement to deter white-collar crime.	13
<i>White-Collar Crime: Overview and Typologies</i>	<i>13</i>
Definition and Characteristics of White-Collar Crime	13
Types of White-Collar Offences	16
Profile of Offenders and Motivations	17
<i>Deterrence Theory: Conceptual Framework</i>	<i>20</i>

Different Measures of Deterrence in North America.....	20
Specific Deterrence versus General Deterrence	24
Mechanisms of Deterrence in White-Collar Crime	25
Different Measures of Deterrence on Re-offenders	30
<i>Empirical Studies on Deterrence and Recidivism in White-Collar Crime</i>	31
Review of Relevant Literature	31
Methodological Challenges and Limitations.....	37
Key Findings and Research Gaps	38
<i>Data Analysis and Case Studies</i>	42
Data Sources and Selection Criteria.....	42
Quantitative Analysis of White-collar Crime	43
Quantitative Analysis of Recidivism Rates	45
<i>Factors Influencing Deterrence and Recidivism in White-Collar Crime.....</i>	46
Individual, Organizational and Industry Factors	46
Legal and Regulatory Framework	49
Socioeconomic Status and Cultural Factors	51
Criminal Justice System Methodologies	53
<i>Policy Implications and Recommendations</i>	55
Enhancing Deterrence Strategies.....	55
Rehabilitation and Alternative Measures	61
Collaborative Approaches and Multidisciplinary Efforts	64

<i>IFA Approaches and Recommendations</i>	66
Enhance deterrence strategies	66
Different Investigations to Implement to Improve Prosecution	69
Other recommendations	72
<i>Conclusion</i>	73
Summary of Findings.....	73
Contributions to Knowledge	74
Future Research Directions.....	75
Research Gaps	76
<i>Appendices</i>	77
Appendix 1:.....	77
Appendix 2:.....	78
Appendix 3:.....	79
Appendix 4:.....	80
Appendix 5:.....	81
Appendix 6:.....	82
Appendix 7:.....	83
Appendix 8	84
<i>Bibliography</i>	85

Abstract

This thesis explores the complex relationship between deterrent strategies and recidivism rates in the field of white-collar crime. White-collar crime is a broad category of non-violent crimes done by individuals with positions of trust who are frequently motivated by financial gain. Examining the effectiveness of deterrent tactics in reducing recurring crimes of white-collar crime is the main goal of this study. This study seeks to further our knowledge of the effect of deterrence on recidivism rates and to guide the creation of evidence-based policies and interventions by reviewing the current literature, examining pertinent statistics, and performing extensive case studies.

Introduction

Background and Significance

White-collar crime is a type of non-violent financial crime that individuals perform for financial or personal benefit. It can take place on a large or small scale within an institution. White-collar crimes come in numerous forms, some of which include Ponzi schemes, identity theft, insider trading, and embezzlement. White-collar crime is frequently viewed by the public as a non-violent crime and is therefore not as hateful, making the penalties for doing it less harsh than those for other crimes. There is a belief that this leniency drives repeat offenders, which results in recidivism. The act of a criminal repeating the same crimes again is known as recidivism.

Despite the fact that white-collar crime is not violent, it nonetheless has a devastating impact on people, families, businesses, and economies. White-collar crime has a far wider influence than individuals may realize. Therefore, it's critical to conduct enough studies on this topic so that we may better understand how to address the issue of white-collar crime recidivism and limit its adverse impact on society. I want to know if there is a correlation between white-collar crime recidivism rates and deterrence, and if so, what it is. I also want to understand how improving deterrence—for instance, by enacting stricter controls and harsher penalties—could lower rates of repeat offences among white-collar criminals and raise the success rate of successful prosecutions.

Studying forensic accounting educated me on all aspects of financial crime, white-collar crime being one of them. Learning about white-collar crime taught me how common it occurs, how often it re-occurs, how offenders commit these acts, how to look out for potential offenders, how to investigate a potential suspect and much more. That being said, this topic piqued my interest, thus, I wanted to use my knowledge and insight, as a forensic accountant, to see what I can add to the findings already published, make recommendations of value for the forensic accounting world, and highlight the importance of investigating cases and see what additional measures can be put in place that could lead to improved visibility, reducing the digital area in which white-collar crime can occur, and improving audit trails and data, resulting in more white-collar offenders' prosecutions.

Research Question and Objectives

This research paper will focus on the importance of deterrence and its impact on recidivism. There is a perception that many criminals commit white-collar crimes and then repeat them because they think they won't be caught. Since many white-collar criminals escape detection, increasing deterrents can help prevent white-collar crimes from happening and, as a result, lower recidivism. This research would be centered on North America and would examine issues like what constitutes a white-collar crime, the various types and traits of a typical offender, various deterrence strategies in North

America, the reasons why people commit these crimes again, variables that can affect deterrence and recidivism, and methods to improve deterrence strategies.

Recidivism rates measure how often an offender re-engages in a crime and can be considered as a measure to indicate how effective the criminal justice system and controls in place are. “A standardized measure of recidivism provides a benchmark by which to evaluate an agency’s effectiveness in facilitating crime reduction over time.” (Miller, R., Baglone, S., Wilton, G., & A Stewart, L. 2019) Thus, looking at recidivism rates is crucial for this research, as it will allow us to indicate if there is any correlation, and if so, how big of an impact lack of deterrence has on offenders. In specific, this paper aims to look at the statistics and ratio of this crime across North America, and examine how many cases occurred, were reported, were processed and was resolved. Furthermore, would like to see what measures are imposed in North America to reduce white-collar crimes, specifically what controls or actions can be taken to prevent white-collar crime offenders from re-committing, (and to see if there is a correlation between weak controls leading to higher recidivism rates).

This study intends to examine the impact of deterrence on white-collar crime and how a lack of deterrence might contribute to more serious white-collar cases So, the aim of this paper is to build on existing research that may raise awareness of the ways in which many sectors, including governments, laws, and organizations, may help stop white-collar crime and lower recidivism rates. Furthermore, how the criminal justice system might play a big factor, and by that in the future hoping it’ll prevent criminal justice system injustice, and unethicalness so that governments and judicial systems might assess white-collar cases with more caution, implement advanced controls and serve higher

punishments which would discourage individuals from engaging in it and increase chances of detecting crime.

Methodology

I read a lot of articles on this topic, so I'll use all the information I can find by reading and summarizing what others have found, researching and examining various publications, examining various white-collar crime cases, investigating various questionnaires, and examining statistics that are provided to me by Government Statistics Canada, official records from the Canadian Police Information Centre (CPIC) database combined with information from the Offender Manage database. I'll employ a variety of strategies, such as generalization, deductive analysis, ethical considerations, and constraints, to accomplish the objectives listed below.

In the qualitative and quantitative description method, I will look into the different outcomes that came when processing a white-collar criminal and the different white-collar offender crime rates and re-offending rates. Whereas in the analysis, I will look at different white-collar crime cases across North America and cross-reference the data to see if any trends, correlations or findings that illustrate a relationship between deterrence and white-collar crime recidivism rates. In ethical considerations, I will ensure to remain confidential and obtain consent when conducting interviews and collecting sensitive information.

Reviewing prior cases and information at my disposal to aid me in my research is the best course of action because information about white-collar crime rates in general, the various types of white-collar crime rates, how frequently they re-occur, and what precise

measures are placed within an organization or on a country, are not readily available and are difficult to find.

Thesis Structure

In this thesis, I will examine the relationship between deterrence and recidivism rates in white-collar crime by looking into different topics which allow me to analyze my findings, contribute to current research, provide future directions and present research gaps.

1. White-collar crimes definition.
 - Analyze different white-collar crimes.
2. Current controls in North America are aimed at deterring white-collar crimes.
3. Recidivism rates specifically for North America and White-collar crimes
 - Motivational Factors for White-collar crime recidivism
4. Factors influencing deterrence and recidivism rates in white-collar crime.
 - Do the controls we currently have placed motivate offenders to re-commit?
 - What tools/controls governments, organizations and laws/legislation can impose to decrease white-collar crime rates?
 - Government improving economic standards (GDP)
 - Law/Legislation increasing the toll of penalties.
 - Organization – improving overall company culture, ethics and controls.

5. Criminal justice system methodologies in prosecuting white collar crime offenders.
 - Penalization and its relevance to the recidivism rates.
 - Consideration should be given to investigating how and why previously accused white-collar offenders were not prosecuted.
6. Look into different industries and compare white-collar crime rates to see if there is a specific industry and compare why.
 - Seeing what controls these industries have in place that is different from the other industries. (Internal controls, tone at the top, ethics, etc.)
 - Other potential factors which could play a part in understanding recidivism.
7. Recommended approaches that North American countries can implement to deter white-collar crime.
 - What can be done to increase the chances of white-collar offenders getting caught, and to in general discourage white-collar offenders to engage or re-engage?
8. Recommended approaches that IFA's forensic accountant can implement to deter white-collar crime.
 - Different investigations that IFAs have worked on to prosecute a white-collar crime offender.

White-Collar Crime: Overview and Typologies

Definition and Characteristics of White-Collar Crime

White-collar crime is a non-violent criminal activity that is performed by individuals or organizations for benefits such as financial gain by using professional skills, which

typically occurs within a business or in a professional setting. From an accounting perspective, white-collar crime includes fraudulent and illegal actions committed in a business or financial sector, by an individual or organization. White-collar crimes are characterized by the use of manipulation, deception and abuse of trust. It includes violation of financial laws or regulations for personal or corporate gain.

White-collar crime can occur in various forms, a few include; money laundering, fraudulent financial reporting, bribery, and tax evasion. Even though white-collar crime is not a directly violent crime, it does not imply that it is a victimless offence. Powerful individuals or corporations exploit their influence to deceive and defraud ordinary citizens, resulting in the loss of millions of dollars. This type of crime has a detrimental impact on society and can be argued to inflict greater harm than violent crimes and often has a larger number of victims. However, since the harm inflicted is mainly financial rather than physical or emotional, society tends to assign less severe penalties to white-collar criminals compared to those involved in violent crimes.

White-collar crime frequently involves individuals with high-status positions who misuse their positions of power and authority for personal benefits, such as executives, managers, professionals, or governmental officials. Subsequent, white-collar crimes frequently focus on non-violent offences such as financial fraud, insider trading, embezzlement, and corruption. The majority of the time, these crimes are perpetrated using sophisticated methods, and intricate plans, and by taking advantage of weaknesses in judicial and regulatory systems. Moreover, financial motivations are frequently used as justification

for white-collar crimes, with perpetrators looking for financial gain, enhanced authority, or social standing. White-collar crime includes several different elements, as identified by Pickett and Pickett in 2002, that are essential to better understand its nature and the individuals involved. These elements include deceit, intentionality, breach of trust, losses, concealment, and an appearance of respectability.

Due to the fact that criminals engage in deceptive behaviour, including lying, withholding information, and twisting the truth, deception is a crucial component of white-collar crime. White-collar crime is also actively perpetrated, with criminals premeditating their acts in an effort to achieve their illegal ends. One of the main elements of white-collar crime is breach of trust. Trust is the foundation of relationships and connections, and it is betrayed when someone tries to trick another person or organization. White-collar crime has a significant negative effect on its victims since it frequently results in financial losses and other collateral consequences. Despite the fact that they can be written off, insured against, or absorbed, these losses have a significant impact on the nation's resources.

White-collar crime is distinguished by its capacity for going unnoticed. Documents, payments, contracts, transactions, and agreements are altered by fraudsters to maintain a false appearance of regularity while hiding their illicit activities. This concealment frequently makes it possible for frauds to go undetected for protracted periods of time, emphasizing how difficult it is to recognize these complex schemes. They may hold high positions in society or work for the very organizations they prey upon. The criminals

often have a respectable exterior, which makes them more likely to gain the trust and confidence of their victims. These elements provide crucial information on the intricate interactions between white-collar crime and its perpetrators. By having a full grasp of these characteristics, professionals in the domains of law enforcement, legal systems, and corporate governance may build effective tools and techniques to stop, catch, and prosecute white-collar criminal conduct.

Types of White-Collar Offences

As mentioned above, white-collar crimes are often financially motivated and involve deceit, fraud, or violation of trust. There are many different types of white-collar crime as there are different methods and motives for committing the acts, therefore it is difficult to analyze them. “Gathering reliable data on white-collar crime is difficult because there are so many different offences that fall within the category, at least as compared to the traditional common law crimes like murder, robbery and assault.” (Henning, P. J. 2015).

The most common types of white-collar crime include fraud, embezzlement, money laundering, insider trading, bribery, tax evasion, intellectual property theft, identity theft, corporate fraud and cybercrime. For the purpose of this research, I will be looking into recidivism rates across North America for all types of non-violent white-collar crime in general but will provide my examples by focusing on money laundering, fraud, bribery, tax, forgery and embezzlement.

The term "fraud" refers to a variety of dishonest actions performed for monetary or personal benefit. Securities fraud, insurance fraud, credit card fraud, and investment fraud are a few examples. Whereas, the misappropriation or theft of funds that have been entrusted to a person, usually an employee, inside an organization, is called embezzlement. The term "corporate fraud" then refers to a broad variety of illegal business practices. This might involve fabricating reports to mislead stakeholders or investors, falsifying financial accounts, or accounting fraud.

White-collar crimes fall under two main categories which are corporate and occupational crimes. "Corporate crime is enacted by collectivities or aggregates of discrete individuals. If a corporate official violates the law in acting for the corporation it is considered a corporate crime as well. But if he or she gains personal benefit in the commission of a crime against the corporation, it is occupational crime. A corporation cannot be jailed, and therefore, the majority of penalties to control individual violators are not available for corporations and corporate crime (Bookman, 2008)." (Gottschalk, P. 2011). As a result, it is difficult more difficult to deter corporate crime than occupational because it is an organization against the government, so organizations usually end with just fines.

Profile of Offenders and Motivations

There remains a significant lack of awareness amongst the general public regarding corporate misconduct and due to their limited understanding of white-collar crimes. These offences are intricate in nature and are typically enacted by individuals with extensive education and professional backgrounds. Due to their complexity, they are considerably more challenging to discover, allowing offenders to escape justice more

easily. Thus, it is necessary to be educated on what characterizes a white-collar criminal and what traits are included in a profile of an offender so individuals and organizations can mitigate or deter any potential offenders.

White-collar offenders fit a common profile characterized by traits such as the following; age and gender, education and professional background, social status and reputation. A typical white-collar criminal tends to be older, more educated and with no prior criminal record or history of incarceration, compared to other ordinary criminals working in a financial institute or office where they have power, wealth, and privileges and are perceived with admiration and success. They are more likely to be white males and their offenses are primarily non-violent in nature. “White-collar criminals are individuals who are wealthy, highly educated, and socially connected, and they are typically employed by and in legitimate organizations. They are persons of respectability and high social status who commit crime in the course of their occupation.” (Gottschalk, P. 2011).

Offenders are influenced by different factors depending on their personal, professional, and social backgrounds which motivates them to decide in engaging in white-collar crime. Public perception, criminal justice system penalization, opportunity and rationalization, lack of effective oversight and accountability, and low deterrence measures are the key motivators.

White-collar offenders typically face penalties such as fines and community service, unlike the prison sentences commonly imposed on violent criminals. Because white-collar crimes are non-violent they might not be perceived as an immediate threat to society by those who are unaware of its impact due to viewing it as a non-threatening act perpetrated by individuals associated with the upper class. When in reality, white-collar crime is a great cost to society.

This distinction in point of view between white-collar crime and other forms of criminal activity influences societal perceptions and the treatment of offenders within the criminal justice system. “The study found that, in all instances, white collar criminals received a significantly shorter sentence than that of street criminals.” (Fredericks, K. A., McComas, R. E., & Weatherby, G. A. 2016).

In Sutherland’s work regarding Labeling theory, his study illustrated how white-collar offenders’ high socioeconomic status causes individuals to essentially not believe they are harmful to society or can be dangerous. Thus, labelling white-collar criminals in a separate category from other criminals leads to evidently different criminal prosecution outcomes allowing the public to view them as less criminal. A result of the public’s reduced perception of the severity of the crimes is that individuals are motivated to engage and continue engaging in such acts.

Environments, where individuals have access to sensitive information, financial resources, or positions of authority, are where white-collar crimes often occur because a combination of opportunity and rationalization eases the process of committing the act

for offenders. They justify it due to perceived injustices, a sense of entitlement, or the belief that they won't be caught. "It is the likelihood of a conviction, not just the severity of the punishment, that influences how individuals act when deciding to pursue a criminal aim." (Henning, P. J. 2015).

Another key motivator is the lack of effective oversight and accountability that individuals have. Individuals tend to be more inclined to engage in fraudulent practices or manipulate financial systems for personal gain when they perceive an environment with a low risk of detection or punishment such as weak internal controls, inadequate regulation, or limited oversight. Subsequently, offenders are more encouraged to engage in white-collar crime when they believe they will be able to conceal their acts and that their actions won't be exposed. Thus, individuals engage in white-collar crime by exploiting complex financial systems, using sophisticated techniques, or relying on their knowledge of potential loopholes to minimize the chances of detection or prosecution and thus allowing them to believe that their illegal activities are unlikely to be discovered.

Deterrence Theory: Conceptual Framework

Different Measures of Deterrence in North America

Deterrence is the belief that the benefits of preventing future wrongdoing outweigh the costs of investigation, prosecution, and incarceration. "Under an economic analysis of the criminal law pioneered by Professor Becker in 1968, deterrence occurs where a potential

offender will commit a crime only if the benefits exceed the expected sanction so that increasing the likelihood and amount of punishment should reduce the rate of offences.” (Henning, P. J. 2015). Thus, organizations, governments and legislation invest time and money to ensure they have effective deterrence measures imposed to prevent individuals from engaging in white-collar crime and discourage offenders from re-engaging. There are many different types of measures imposed in North America to help achieve deterrence, for the purpose of this paper I will be focusing on these; criminal prosecution, financial penalties, asset forfeiture, administrative and civil sanctions, regulatory enforcement, financial regulations, whistleblower incentives, law enforcement and corporate governance and ethics.

"The greater the perceived certainty, severity, and swiftness of punishment, the lower the crime rate will be." (Henning, P. J. 2015). Accordingly, prosecuting offenders and investigating white-collar crime offences through the criminal courts, is a crucial approach to daunting white-collar crime. Presenting offenders with fines, probation, incarceration or other criminal penalties depending on their type of financial offence, illustrates the severity of their actions. In addition to that, publicizing the offender's name and actions portrays them to others as crime labels and allows them to be seen as criminals. Thus, shaming an offender is a sanction that can be added to the range of punishments for white-collar offenders. As a result of criminal prosecution, white-collar offenders typically face financial penalties such as fines and restitution orders. This punishment acts as a deterrence to these offenders as most of them their motive to engage in financial crime is financial gain. Thus, implementing these monetary policies holds

them accountable for their actions and deters future criminal behaviour. “If it is proven that white-collar criminals benefited financially at the expense of shareholders, they should be required to repay or make restitution to victims. Heavy financial penalties should serve as an additional deterrent to such behaviour.” (Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. 2003).

In addition to criminal prosecution and financial penalties, offenders’ assets that were purchased through illegal funds or used in relation to their white-collar crimes are seized and forfeited by authorities, this is applied to deprive offenders of their gains and portrays that engaging in criminal activities results in financial consequences. Furthermore, victims of white-collar crimes can proceed with civil lawsuits against preparators, to compensate for their losses. These civil litigations usually end in financial settlements rulings against the offenders, which provide restitution to the victims, and serve as deterrence for potential offenders. “White-collar criminals can also be subjected to administrative and civil sanctions in addition to punishment by a criminal court. These sanctions can include loss of professional licenses (e.g., CPAs, brokers, CFAs), fines, restitution to victims, and private lawsuits.” (Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. 2003).

Additionally, regulatory bodies enforce compliance unique to different specific industries, to keep them regulated. Examples of regulatory bodies would be the Securities and Exchange Commission (SEC), and Financial Industry Regulatory Authority (FINRA), they can give fines, suspensions, and license revocations on individuals or organizations, ... to any individual or organization that’s found to have violated the

regulatory requirements. Just like regulatory bodies, there are also financial regulations which governments implement to detect and deter white-collar crimes. Examples of these financial regulations include; Anti-Money Laundering measures (AML), Know Your Customer (KYC) and requirements to disclose any odd or suspicious financial activities. In order to stop illicit activities, financial institutions must set up effective internal controls and maintain compliance programs.

Moreover, white-collar crime whistleblower programs and laws seek to encourage individuals to come forward with information about misconduct. These laws offer whistleblowers legal protection from reprisal and programs also offer incentives or prizes for disclosing wrongdoing, such as a portion of the money that is later recovered in specific circumstances. For example, SEC offers whistleblower programs, that provide financial rewards and protection to any person that reports white-collar crimes, as a result, this enhances the detection of white-collar crime and deters others from wanting to engage in illicit activities.

Also, white-collar crimes are investigated by law enforcement organizations, like the Federal Bureau of Investigation (FBI) in the United States and the Royal Canadian Mounted Police (RCMP) in Canada, who work with prosecutors to bring perpetrators to justice. Complex financial crimes are addressed by specialized teams and task forces. Finally, corporate governance practises and ethical standards have been established and supported as a way to discourage white-collar crime within organizations. The dangers of fraud, corruption, and other unethical behaviour are expected to be monitored and minimized by boards of directors, internal audit functions, and compliance departments.

Specific Deterrence versus General Deterrence

There are two different types of deterrence; specific and general. Specific deterrence focuses on minimizing the defendant's recidivism by incapacitating the offender for a period of time and outlining the cost of future infractions. Specific deterrence's primary objective is to discourage offenders from engaging in future criminal activities by providing them with punishments severe enough to create fear and cause them to not commit further crimes in the future. For example, statutes that imply that repeat offenders are subject to harsher penalties under the law.

General deterrence seeks to dissuade potential criminals and influence the behaviour of a larger group. Both theories assume that the threat of punishment can affect people's judgements and lower crime rates. The severity and certainty of the penalty, the person's motivations and circumstances, social considerations, and the ability of the criminal justice system as a whole to enforce and administer penalties are some examples of the variables that may affect the success of deterrence methods. An efficient deterrent consists of the following three elements: "The greater the perceived certainty, severity, and swiftness of punishment, the lower the crime rate will be." (Henning, P. J. 2015). Increased spending on detection will have a more noticeable influence on the crime rate than raising the degree of punishment meted out to those found guilty of a violation, according to studies showing that the certainty of punishment is the primary element in determining the success of a deterrent.

Mechanisms of Deterrence in White-Collar Crime

Legal and Regulatory Framework:

“The Sarbanes-Oxley Act (SOX) of 2002 contains several elements that clearly illustrate situational prevention in regulations. SOX was created in response to a number of major corporate and accounting scandals. The legislation establishes new and enhanced standards for all U.S. publicly traded companies and public accounting firms. The Act establishes a new quasi-public agency, the Public Company Accounting Oversight Board (PCAOB), which is responsible for overseeing and regulating accounting firms in their roles as auditors of public companies.” (Vance, N., & Trani, B. 2008).

- The Sarbanes-Oxley Act (SOX) in the United States: SOX provided more stringent rules and specifications for financial reporting, internal controls, and corporate governance in response to accounting crises like Enron and WorldCom.

- The Dodd-Frank Wall Street Reform and Consumer Protection Act: Dodd-Frank, which was put into effect in the aftermath of the 2008 financial crisis, established changes to improve monitoring and regulation of the financial sector, including steps to resolve conflicts of interest and advance transparency.

Detection and Investigation:

Proactive investigations by law enforcement agencies, such as the SEC, DOJ, or specialized task forces, serve as a deterrent by increasing the likelihood of detection and prosecution.

- **Securities and Exchange Commission (SEC):** The SEC is responsible for enforcing federal securities laws and regulations in the United States. It investigates and takes legal action against individuals and organizations involved in securities fraud and other white-collar offences.

- **Financial Crimes Enforcement Network (FinCEN):** FinCEN, a bureau of the U.S. Department of the Treasury, aims to combat money laundering, terrorist financing, and other financial crimes through the collection and analysis of financial intelligence.

- **Joint Task Forces:** Collaboration between multiple law enforcement agencies, such as the Federal Bureau of Investigation (FBI), Internal Revenue Service (IRS), and other federal, state, and local entities, to investigate and prosecute complex white-collar crimes.

Criminal Prosecution and Penalties:

Criminal penalties for white-collar criminals may include jail time and fines. The type and magnitude of the offence committed determines the severity of the penalty. Potential criminals are discouraged by the possibility of jail and related social humiliation. White-collar crimes are investigated by law enforcement agencies, including the Federal Bureau of Investigation (FBI) and state-level authorities, who work with prosecutors to bring perpetrators to justice. By demonstrating a commitment to combating these offences, the existence of specialized units and task groups improves deterrence.

Regulatory Sanctions and Professional Consequences:

Compliance with industry-specific laws is enforced by regulatory organizations including the Securities and Exchange Commission (SEC), Commodity Futures Trading Commission (CFTC), and Financial Industry Regulatory Authority (FINRA). To make sure that laws, regulations, and moral standards are being followed, these authorities carry out audits, investigations, and inspections. Regulatory scrutiny anxiety and potential reputational harm are deterrents.

- ***Professional Disciplinary Actions:*** Professional regulatory organizations that have the authority to take disciplinary action against individuals who participate in white-collar crimes include bar organizations, accountancy boards, and licencing agencies. These actions, which operate as deterrents and safeguard the integrity of professional standards, may include licence suspensions, revocations, fines, or other penalties.
- ***Public Exposure and Reputation Damage:*** High-profile white-collar crime cases are frequently made public to increase awareness and serve as a warning to future

criminals. Public perception is shaped by media coverage of investigations, convictions, and the penalties that follow. This shows how seriously white-collar crimes are taken.

Public Awareness and Education:

Increasing public understanding of the effects and repercussions of white-collar crime can help dissuade it. By empowering people to identify and report fraudulent activity, individuals, businesses, and organizations can increase the possibility of discovery and deter prospective offenders. This is done by educating them about typical schemes, warning indicators, and preventative measures.

- **Anti-Fraud Campaigns:** Public campaigns and initiatives aimed at raising awareness about white-collar crime, fraud schemes, and the consequences of engaging in such activities.

- **Financial Literacy Programs:** Educational programs that promote financial literacy and ethics, particularly among vulnerable populations, to empower individuals with the knowledge to identify and avoid fraudulent schemes.

These examples illustrate a variety of initiatives and measures put in place in North America to discourage white-collar crime. To address new issues in the white-collar crime environment, it is vital to keep in mind that the efficacy of these measures might vary and that constant review and strategy modification is required.

Prevention and Compliance Programs:

Corporate Compliance Programs: To identify and prevent white-collar violations, organizations put in place comprehensive compliance programs. Measures including internal controls, ethical education, reporting processes, and audits are frequently included in these programs.

- Independent Directors and Board Oversight: Independent directors' participation and in risk management should be actively encouraged. This can assist prevent white-collar crimes.

- Whistleblower Programs: By offering safeguards and financial incentives to anyone who expose securities law infractions, programs like the U.S. SEC Whistleblower Program entice insiders to come forward with knowledge concerning white-collar crimes.

- False Claims Act (FCA) Qui Tam Provisions: The FCA offers financial incentives for revealing white-collar offences by allowing people (known as qui tam relators) to file lawsuits on behalf of the government to recover cash lost due to fraud against federal programs.

Different Measures of Deterrence on Re-offenders

Specific deterrence focuses on preventing offenders from re-offending, thus, I will be looking into the different types of specific deterrence measures implemented in North America to deter white-collar crime recidivism rates specifically. The use of which deterrence measures varies depending on the severity of the offence, the offender's criminal history, and the specific laws and regulations in place. Some of these measures include criminal prosecution, public exposure and reputation damage, professional sanctions, monitoring and reporting obligations and probation and supervised release.

If an individual is accused to have engaged in white-collar crime, if responsible they may face criminal charges. Charges for particular offences including fraud, embezzlement, money laundering, insider trading, or securities fraud would then be brought against them. In order to specifically prevent future similar behaviour, if found guilty, they might be sentenced to jail time, pay fines, or both. In addition to that, exposing white-collar offenders to the public and allowing them to suffer resultant harm to their reputation can serve as a specific deterrence measure. Media attention and the public being aware of their actions can lead to long-lasting consequences that impact their individual and professional life which can deter others from engaging in this misconduct again.

Specific deterrent tactics may include preventing white-collar offenders with professional licences or those working in regulated businesses from practising their professions or imposing professional punishments. This may include revoking licences or suspending them, prohibiting them from acting as executives or directors of corporations or placing

other limitations on their professional activity. In addition to that, white-collar criminals may be subject to surveillance and reporting requirements as part of specific deterrence. This may entail required reporting to regulatory bodies, continuous probation officer monitoring, or routine financial activity audits. These steps are taken to guarantee compliance and discourage perpetrators from committing the same offences again. Likewise, re-offenders must complete a probationary or supervised release term in which they are required to adhere to rigid guidelines, such as routine reporting to a probation officer, restricted access to specific financial activities, or restrictions on their work.

Empirical Studies on Deterrence and Recidivism in White-Collar Crime

Review of Relevant Literature

Deterrence and recidivism have a very close relationship when concerned with white-collar crime. Understanding how these terms affect the other is key if we are going to attempt to tackle the issue of white-collar crime and recidivism. Reviewing current literature will provide us with insight into what has gone on in these areas allowing us to hopefully ascertain some potential changes which could be introduced to see improvements in deterrent measures so that both white-collar crime and recidivism rates decrease.

There is a selection of papers which will be reviewed, which focus on preventing white-collar crime and recidivism. In all the papers the reoccurring topic is preventative measures, normally in the form of deterrence or reducing the window to operate.

Reviewing the different factors around preventative measures which these papers offer will improve our understanding of deterrence and how it can be used to impact recidivism.

Is Deterrence Relevant in Sentencing White-Collar

Criminals? – Peter J Henning

Deterrence, when concerned with white-collar crime, is supposed to reduce the likelihood of crime taking place either by a new offender or a repeat offender. Deterrence aims to do this through the method of highlighting the undesirable outcomes which would be imposed on offenders should they succumb to white-collar crime. Whilst this method makes logical sense its impact is reduced significantly if those who are likely to commit are not exposed and familiar with the consequences of committing such an act. Equally, even if those who are likely to commit are aware of the negative consequences which could be imposed on offenders, they may still be unaffected due to the fact they do not see a likeness between offenders and themselves. The deterrent effect may never be felt by its intended targets (Hennings, 2015).

Another challenge when considering the relevance and impact of deterrence is the consistency of sentencing. If there is no consistency, then this introduces doubt to the potential offender on whether they will be subjected to the same fate should they commit white-collar crimes. Having these special dispensations made whereby prosecutors treat white-collar crime on an individual basis can be seen to unpick the efforts of deterrence.

Justifying a sentence as a one-off circumstance does not work very well in a system that relies on precedents for guidance and tries to treat like defendants alike (Hennings, 2015).

Another potentially influencing factor comes from the fact that white-collar crime is a nonviolent crime where the negative effects are not immediately acknowledged and understood. This factor affects sentencing as the extent of the damage caused as a result of the white-collar crime isn't captured. Therefore, sentencing only serves to punish what is known at the time. As the crime was nonviolent and incarceration generally looks to protect society from dangerous, violent offenders, there is little perceived benefit from incarcerating white-collar crime criminals. Fuerbacher 2014 states that theoretically prison serves two purposes: to contain an offender so he cannot harm other and to provide a sufficiently unpleasant experience so he is deterred from undertaking future felonious actions. As a lot of prosecutions are steering away from incarcerations due to the nonviolent attributes of white-collar crime, they are failing to provide an unpleasant experience for which deterrence and or rehabilitation require to be successful.

White-Collar Criminality – Edwin H Sutherland.

When the term white-collar crime was coined in 1940 by Edwin H. Sutherland, he highlighted that there were biased views within society when understanding criminal behaviour. The majority of crimes committed fall outside of white-collar crime and generally see the perpetrator come from a low socio-economic background. Thus, common perceptions were that since crime is concentrated in the lower class, it is caused

by poverty or by personal and social characteristics believed to be associated statistically with poverty (Sutherland, 1940). This was not true as Sutherland goes on to compare crime in the upper or white-collar class, composed of respectable or at least respected business and professional men. Indicating that certain crimes are committed by perpetrators from high socio-economic backgrounds.

Sutherland also makes an interesting point that this type of crime is reported frequently and, in many periods, more important crime news may be found on the financial pages of newspapers than on the front pages. This positioning within social media indicates that white-collar crime isn't perceived to be worthy enough to warrant front-page news, presenting the idea that white-collar crime is deemed unimportant by society. Sutherland then goes on to highlight that the financial cost of white-collar crime is probably several times as great as the financial cost of all the crimes which are customarily regarded as the "crime problem." Not only are there financial costs there are also social relation costs which Sutherland deems more important as these costs create distrust, which lowers social morale and produces social disorganization on a large scale.

For a deterrent to be successful there must be a linked likely event of prosecution. Without this prosecution, the deterrent is perceived as an empty threat and will be unsuccessful in its attempt to deter. When concerned with embezzlement white-collar crime, 90 percent were not prosecuted because the prosecution would interfere with restitution or salvage (Sutherland, 1940). This shows that the emphasis in these trials is more concerned with improving the position of the plaintiff than punishing the defendant.

This leads to the question of which is the best outcome, the one that looks to improve the position of the individual person or business or the one which looks to reform the offender so as to provide more widespread benefits to society. In addition to the low prosecution rates another pitfall is that those who are accessory to crime should be included in the prosecution. Whilst this normally occurs for many other non-white-collar crimes, the prosecution of white-collar criminals frequently stops with one offender (Sutherland, 1940).

As the crimes of white-collar criminals are usually quite complex in nature to mystify the crimes they are performing, it is usually the case that investigations are conducted by administrative boards or commissions that lack the ability to impose severe penal sanctions. Offenders in the white-collar crime space seldom see penalties in the form of fines, imprisonment and death, instead, they tend to get penalties in the form of warnings, orders to cease and desist and loss of license. This differing method of treatment leads to a shift in how white-collar criminals are perceived. They are not regarded as criminals in the traditional sense.

Detering white-collar crime - John M. Ivancevich, Thomas N. Duening, Jacqueline A. Gilbert, and Robert Konopaske

The stance of society on white-collar crime could be said to be slightly lenient. The reason for this is that white-collar crime is seen in a different light compared to alternate violent crimes. The classifying factor for how society deems the crime is largely down to

intent and violence or damage. As most violent crimes have criminal intent this is deemed a clear-cut criminal activity. With white-collar crime, however, the criminal intent is not so obvious as the perpetrator is assumed to have engaged in the violation through carrying out their occupational activities. The lack-of-criminal-intent argument is sometimes employed by white-collar defendants and their attorneys to excuse their criminal behaviour (Ivancevich et al, 2003). This focus on intent means that most white-collar criminals need only express that there was never real intent to be able to circumvent the consequences normally affiliated with criminal behaviour.

Another factor which is important when looking at white-collar crime is the persona of the offenders. White-collar criminals often come from very good socio-economic backgrounds and have amassed wealth in assets, money and or connections. This wealth can be used to quite comfortably counter-sanctions or penalties imposed by the government. This is because the penalties being imposed were created to cause deterrence and inconvenience for those of a much lower socio-economic background; those who typically commit general crime and not white-collar crime. This means that penalties which normally come in the form of fines are only effective to those who will feel impacted by the loss of the money. As white-collar criminals are typically in high-ranking roles, well-paid jobs or from high socio-economic backgrounds, the impact to them when concerned with paying fines is much less.

In addition to this white-collar crime is very complex and is largely focused on financial knowledge which isn't common to the average person in society. White-collar criminals

can therefore hide their malpractice through convoluted activities and transactions which for most people are too complicated to follow. This leads to a reluctance to engage in thorough investigations and can lead instead to much more lenient penalties as the true extent of the misconduct is rarely discovered.

Methodological Challenges and Limitations

These papers provided very valuable information about white-collar crime, deterrence and recidivism. Though as insightful as they are, they come with their limitations. Most of the papers were substantially outdated with a lot being over a decade old. This makes it very hard to link the measures and challenges which were prevalent back then to current white-collar crime activity.

Current advancements in technology, banking and finance have broadened the portfolio of white-collar crime offenders and cyber-attacks. Hackers can be solicited by offenders to carry out skilled attacks on corporations. Current social media communications platforms were not discussed despite their frequent use in manipulating the masses when concerned with stocks and shares and the shorting of stocks.

The papers being reviewed also focused on traditional white-collar crime activities and didn't touch on new banking and financial technologies such as cryptocurrency and fintech banks which sees banking performed without the need for centralized control or banking real estate.

The working life for the average person has seen fundamental change within the last 5 years with huge banking corporations and businesses in general adopting flexible working, whereby employees can work from home or remote places where their day-to-day activities are largely unmonitored. In addition to this, finding articles which were relevant and pertinent to white-collar crime within North America was challenging as there doesn't seem to be substantial data on white-collar crime in North America. Statistics which were released were sparse with most failing to capture the true extent of the negative impact white-collar crime has had.

Key Findings and Research Gaps

To apply a suitable deterrent, the act which is trying to be prevented needs to be understood. Understanding the act in turn allows us to understand the persona of the offender. This is important as deterrence needs to be uniquely unpleasant to those likely to offend. Having a deterrent which is not deemed unpleasant by its intended audience is not a deterrent. The selection of papers being reviewed has provided valuable insight into several areas pertinent to deterrence and recidivism; these are:

The limitations of deterrents both prior and post to white-collar offences

Deterrents can only stand a chance of working when three main factors are upheld. These factors are:

1. The deterrent being proposed is unwanted and undesirable enough to the intended target. This means that the penalty must be more severe than the benefit of

- performing the nefarious activity. If this is not the case, the deterrent will not deter the would-be offender.
2. The deterrent must be advertised in a method which reaches its intended audience. If the intended audience is not aware of the deterrent, then there is no reminder of what unpleasant events could follow and thus their criminal intentions remain unaltered.
 3. The penalty must be consistent and always imposed. If the penalty related to the deterrent is rarely imposed, then this sets the precedent that the probability of a would-be offender receiving the punishment is low which in turn reduces the threat of the deterrent. Dispensations and unique punishments should not be allowed to happen unless they are more severe than the normal affiliated penalty.

The activities of white-collar crime

White-collar crime happens in many different forms, though in each form there is a repeating trait. This trait is the covering of tracks through the continuous convoluted movement of assets. This method mystifies the nefarious activities which are taking place by making it very hard to follow or understand what has happened. Stricter checkpoints and audit trails must be created to ensure that any route an asset has taken can be recovered.

The profile and characteristics of the offenders involved

The profile of white-collar criminals is generally very different from that of an offender who commits general crimes. White-collar criminals are often highly intelligent, well-educated people who come from high socio-economic backgrounds. They are people who have a wealth of resources available to them which they can leverage when being investigated or prosecuted. They are generally astute opportunists who will take risks when exposed to inadequate situations which occur in their occupational environment.

The perception of white-collar crime to society

As white-collar crime differs so much in comparison to general crime due to the fact its nonviolent, unrelatable to the average person and surreptitious in nature. As white-collar crime is so complex and not overtly obvious the extent of the damage that it causes to society is, for the most part, unknown. This perception allows for white-collar crime to get off lightly as it's not always classified as a clear criminal activity.

White-collar crime as a statistic compared to general crime is very low, thus society may deem it not as important as crimes with higher rates of activity even though the cost to society of white-collar crime tends to exceed the cost of other forms of crimes.

Flaws and challenges with how white-collar crime are handled within the justice system

Due to the complex nature of white-collar crime and the excessive covering of tracks through the movement of assets, the ability and skillset needed by justice system

personnel to demystify the events and activities of white-collar crime is extremely high. As white-collar crime makes up such a small part of the crime portfolio the justice system does not have the correct skillset to properly investigate. Instead, they rely on organizations and Commissioning boards to investigate and apply sanctions within their remit. Justice systems penalties are generally aimed at tackling the more common criminal activities and so lack the correct approach and severity needed when tackling white-collar crime. Imposing a fine to someone who is well off and financially able to part with the money is not a suitable penalty let alone a deterrent.

There were several limitations which highlighted research gaps with the papers. These limitations centered around the fact the papers were dated and failed to cover more recent activities of white-collar crime brought about through the advancements made in technology and the change in modern day working environments.

With advancements in computing, transaction methods, accounting and digital currencies the deterrents and recommendations being offered aren't relatable to current white-collar crime activities. Advancements in technology and computing have increased the ability for white-collar offenders to operate. White-collar crime was already very hard to track and investigate due to the expert level of financial knowledge needed. With the addition of complex computing in finance, the skills needed to investigate a white-collar crime properly have increased substantially. For one to successfully investigate white-collar crime they must be adept in both finance and accounting, and Information technology.

Data Analysis and Case Studies

Data Sources and Selection Criteria

An important factor when studying the correlation between white-collar crime and recidivism rates is looking into quantitative data and analyzing it. For this paper, we will be looking into various sets of data derived from articles and case studies within the North American region that were published between 2010 to 2019. The focus of this study is to look into non-violent crime, particularly white-collar crime rates in North America in comparison to other crimes, and to further look into the recidivism rates of white-collar crime rates in North America. This data will focus on six main types of white-collar crime which are; money laundering, fraud, bribery, tax, forgery/counterfeiting, and embezzlement. And, measure recidivism rates by looking into re-arrested, re-convicted, re-incarcerated, and re-imprisoned. The data consists of all ages, all races/ethnicities, males and females, and individuals with two or fewer prior arrests.

It is crucial to examine this quantitative data because it provides insightful information about the prevalence of white-collar crime and the frequency of recidivism. By examining patterns, trends, and relationships between variables, one can gain a better understanding of these issues and determine what deterrent strategies could be used in the future to reduce white-collar crime recidivism rates. This data was chosen because it is the most appropriate to what I am gaining insights on. There were some difficulties finding pertinent data on this topic because there aren't any new updated disclosed

information or public records; as a result, the white-collar crime recidivism rates that will be discussed below were determined based on the availability of data.

Quantitative Analysis of White-collar Crime

Federal courts handle the majority of white-collar criminal prosecutions. However, the majority of federal government resources are used to combat other offences. Only 21% of all federal convictions may be classified as white-collar crimes, as shown in Appendix 1. (11% fraud, 6% non-fraud white-collar, and 4% larceny). This appendix shows how fraud is the most common type of white-collar crime offence in 2001, in the United States of America. In addition to that, how low the federal convictions are, illustrates how it is extremely difficult to control and prosecute white-collar crime. This implies how significant it is to work on deterrence and implement measures to ensure increased prosecution and improve the judicial system with regard to addressing and processing white-collar crimes.

Appendix 2 shows the average sentence imposed for six significant white-collar offences. For each offence, the sentence is depicted in months. The data within the table shows that punishments for white-collar crime are pretty short in comparison to any violent crime. Which indicated that there is a huge difference between violent and white-collar criminality. According to Appendix 3, punishments for violent crimes, and assault, for example, which has the shortest average sentence length is 37.6 months; which is 7 months more than the highest punishment a white-collar offender would get. The highest white-collar crime punishment is for engaging in money laundering which sees a punishment of 30.6 months. In 2010, the average sentence for a fraud conviction was

23.2 months, but the average term for kidnapping was 162.7 months. According to Appendix 3, the range of sentencing for violent offences was 37.6-276 months, whereas the average penalties for white-collar offences were just 7.8 to 30.6 months, a much smaller range. This appendix shows that white-collar crime is far more common overall than violent crime with 880 occurrences of forgery/counterfeiting in comparison to the 631 cases of assault in 2010. In terms of non-violent crimes, the most frequent of the chosen white-collar crimes is a fraud (8,065), while the least frequent is bribery (224 occurrences in 2010).

Appendix 4 compares the different types of sentences given for different offences, including whether or not probation and community service were part of the punishment. For instance, only 35.2% of those found guilty of embezzlement receive solely jail time as punishment, whereas 44.9% of those found guilty of the crime receive prison time as part of their sentence. In contrast, According to Appendix 5, 96% of criminals convicted of arson get jail time as punishment, of which 90.7% of those convicted receive only prison sentences; the remaining 5.3% face additional punishments. White-collar offenders are significantly more likely to get probation or community service as part (or even the entirety) of their sentence.

Appendices 1, 2 and 4 show how unlikely it is for white-collar offenders to get prosecuted; only 21% of federal convictions are white-collar. This demonstrates the value of implementing measures and controls that can identify and discourage white-collar crime in order to aid in convictions and lessen illicit activities. In addition, the appendices demonstrate how the lack of harsh punishment for offenders makes non-violent crimes

appear less serious than other offences and how white-collar crimes are more prevalent overall. Therefore, it is essential to put in place a criminal justice system with punishments that correspond to the seriousness of the offence.

Quantitative Analysis of Recidivism Rates

Appendix 6 shows that any prisoner with two or fewer prior arrests who had been found guilty of larceny, theft, motor vehicle theft, or another sort of property crime (which included types of fraud, embezzlement, etc.) fit the criteria when looking at white-collar offenders. There was no age, ethnicity, or gender discrimination in order to maintain the consistency of the data. In the three years following their release from their first conviction, the data above reveals the number of inmates who had been either rearrested, re-convicted, re-incarcerated, or re-imprisoned.

Appendix 7, the recidivism rate in violent crime for offenders arrested for a new crime within three years of release is 38.9%, whereas, for white-collar crime within three years of being released, 58.8% were arrested for new crimes. This indicates that the white-collar crime recidivism rates were much greater than those for violent crime. Within a year, 12.4% had received a new criminal conviction. Following a conviction for a new offence within six months, 4.4% of people were re-incarcerated (that is, put in jail or prison). Inmates were sentenced to jail in less than three years in 24.1% of cases. These numbers were all greater than the corresponding information for violent crime. The deterrence theory may be utilized based on recidivism statistics to determine if the existing penalties are effective in preventing offenders from reoffending.

According to Appendix 8 analysis of the crime severity on the admitting offence compared to the reoffence demonstrated that while offenders were under federal warrant, 61% of recidivists reoffended with an offence of lesser severity. And that other non-violent and property offences were the most common types of repeat offences for both men and women. “The study also found that non-violent reconvictions accounted for the majority of the reconvictions.” (Gannon, M., Mihorean, K., Beattie, K., Taylor-Butts, A., & Kong, R. 2005).

White-collar criminals are substantially less deterred than violent criminals, according to recidivism statistics and sentence standards. White-collar offenders receive lower penalties than violent criminals, which makes them more likely to commit crimes again. According to recidivism rates, white-collar offenders are much more likely to commit new crimes than violent criminals. White-collar offenders receive less harsh sentences than violent offenders, according to data on sentencing. The shorter term may be a causative component in the higher rates of recidivism for white-collar crimes, according to these findings and deterrence theory.

Factors Influencing Deterrence and Recidivism in White-Collar Crime

Individual, Organizational and Industry Factors

In spite of the fact that there are several individual aspects that might affect deterrence and recidivism in white-collar crime, this section will concentrate on a few of the more important ones, including offender characteristics, motivation and rationalization, peer

influence, perceived risk and consequences. Recidivism rates can be impacted by an individual's features and attributes, such as gender, age, career experience, education level, past criminal history, and personal beliefs. In addition, a person's propensity to relapse into criminal activity can be influenced by personality, impulsivity, and moral reasoning. For instance, a person with low personal values and high impulsivity is more likely to relapse into white-collar crime than a person with strong values and low impulsivity.

Additionally, the motivations behind white-collar crimes, such as monetary gain, perceived opportunity, or professional expectations, may have an impact on an offender's likelihood of reoffending. The ability to rationalize, which entails downplaying the apparent damage of one's acts or defending one's behaviours, may also have an impact on the decision to participate in illicit activities once more. "As organizations become more complex and tasks are further compartmentalized, individual workers' goals drift from that of the whole overarching organization. This creates the opportunity for deviant acts to be more prevalent." (Vance, N., & Trani, B. 2008). Peers and social networks may also have an impact on a person's choice to re-engage in white-collar crime. Relationships with other criminals or exposure to aberrant norms and behaviours may increase the chance of recidivism. In conclusion, a person's perception of the risks and likely consequences of reoffending might have an impact on their decision-making. An effective deterrence relies on the perception that there is a high possibility of getting caught, being charged with a crime, and receiving severe punishment. Potential re-offenders may be deterred by perceived certainty and harshness of punishment.

Organizational factors can have a big impact on white-collar crime deterrence and recidivism, some of the key factors this section will focus on are; corporate culture and ethical environment, compliance programs and internal controls, risk management and corporate governance, whistleblower protections and reporting mechanisms. The ethical atmosphere and organizational culture can have an impact on recidivism rates.

Employees are more likely to refrain from criminal activity in an organization where ethical behaviour, honesty, and adherence to rules and regulations are valued. On the other hand, a negative culture that accepts or encourages unethical activity could lead to increased recidivism rates. “Unfortunately, white-collar criminals may commit their crimes not as a rational decision to maximize their good, but because the organization allows for such deviant actions.” (Vance, N., & Trani, B. (2008).

Also, preventing white-collar crime depends much on how well an organization's compliance programs and internal controls function. Strong internal controls, such as reliable financial reporting systems, effective fraud prevention techniques, and routine audits, can serve as deterrents by raising the possibility of being caught and decreasing the perceived likelihood of committing crimes. Furthermore, firm company governance structures and efficient risk management procedures help deterrence by recognizing and addressing possible white-collar crime vulnerabilities. Organizations are able to better avoid and discourage wrongdoing when they proactively analyze risks, put in place strong control systems, and uphold open governance structures. In addition to that, whistleblower protections and easily accessible reporting procedures can help identify

and discourage white-collar crime. Employees are more likely to report suspected misbehavior when there is no fear of reprisal, which improves the likelihood of early discovery and prevention.

Determining which industry has the most white-collar crime cases and how those industries differ from one another can help in detecting and deterring offenders by allowing regulators and corporation executives to strengthen controls and deterrence measures. Industry factors can have a significant impact on the deterrence of white-collar crime and recidivism. For instance, if employees in financial sectors are found to be the ones who engage in the majority of white-collar crimes, is this because they are more educated on white-collar crimes and have access to the financial data of the companies?

Legal and Regulatory Framework

The deterrent and recidivism rates for white-collar crime are significantly influenced by the legal and regulatory framework. “Most of our efforts to control white-collar crime are based on the civil law regulatory system and the desire for potential offenders to comply with these regulations.” (Vance, N., & Trani, B. 2008). There are several key factors, but this section will focus on criminal laws, compliance regulations, regulatory agencies, whistleblower protection, and asset forfeiture and restitution.

White-collar crimes including fraud, embezzlement, forgery, money laundering, bribery, and tax offences are explicitly addressed by criminal legislation. These laws specify what is forbidden, what constitutes an offence, and what the punishments are for violators.

Organizations are required to follow a number of industry-specific rules and compliance requirements, such as the Sarbanes-Oxley Act (SOX) for financial reporting and the Health Insurance Portability and Accountability Act (HIPAA) for the privacy of healthcare data. Companies must create internal controls, keep correct records, and submit relevant information to the appropriate authorities in order to comply with requirements.

The power to enforce rules and regulations within their respective domains belongs to regulatory bodies like the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), and Federal Trade Commission (FTC). These organizations keep an eye on compliance, look into any infractions, and punish those found responsible for white-collar offences. According to the chairman of the S.E.C.'s Enforcement Division, "monetary penalties scream extremely loudly and, in a language, any prospective defendant understands. We will pursue enhanced civil monetary penalties against firms for breaches of the Securities Exchange Act." (Henning, P. J. 2015). For instance, for their roles in questionable subprime mortgage lending and the packaging of those loans into securities offered to other investors, banks have agreed to pay a series of large fines in settlements with the Department of Justice and other authorities. For example, \$5 billion from Bank of America is one of the fines that was paid.

In order to encourage those with knowledge of white-collar crimes to come forward and disclose them without fear of reprisal, whistleblower protection laws have been put in place. These laws offer legal protections and incentives to shield whistleblowers from

retaliation and make it easier to report wrongdoing, which helps with the early identification and prevention of white-collar crime. To recover illicit gains and recompense victims of white-collar crimes, the legal system contains procedures for asset forfeiture and restitution. Authorities have the power to take assets acquired through unlawful means and put them to use by compensating harmed parties or organizations.

Socioeconomic Status and Cultural Factors

Having socioeconomic problems like debt-related stress, lack of employment opportunities, or financial strain might inspire individuals to commit white-collar crimes. However, the majority of those involved in white-collar crime, in particular, are either from middle- or upper-class backgrounds or high socioeconomic status. “The most economically disadvantaged members of society are not the only ones committing crime. Members of the privileged socioeconomic class are also engaged in criminal behavior. The types of crime may differ from those of the lower classes, such as lawyers helping criminal clients launder their money, executives bribe public officials to achieve public contracts, or accountants manipulating balance sheets to avoid taxes.” (Gottschalk, P. 2011).

Offenders with high socioeconomic standing sometimes hold influential positions in businesses, governments, or professions. They frequently have extensive financial knowledge, access to resources, education, and social ties, all of which might make it easier for them to commit white-collar crimes like financial fraud and embezzlement. On

the other hand, middle-class and upper-class criminals often have management or professional jobs, have steady salaries, and lead comfortable lives. However, they turn to white-collar crime when they want to expand their money or prestige or when they are under financial stress, such as personal debt. Because white-collar crimes tend to be perpetrated by members of privileged socioeconomic classes, they tend to be perceived as less criminal and face fewer consequences. “Another important difference between the two offenders is that the elite criminal is much less likely to be apprehended or punished due to his or her social status (Brightman, 2009).” (Gottschalk, P. 2011).

Cultural elements, such as ethical standards and values, social pressure and reputation, and education and awareness, can have a substantial impact on deterrence and recidivism rates in white-collar crime. Cultural values and norms are very important in determining how people behave ethically. White-collar crime and recidivism rates are often lower in societies that place a high value on honesty, integrity, and moral behaviour. Fairness, openness, and accountability-focused cultures can serve as deterrents by encouraging a sense of moral obligation and preventing people from taking part in illegal acts.

Deterrence and recidivism may be significantly impacted by cultural factors such as social pressure and reputation. Industries or communities that place a high value on reputation and social standing may put pressure on individuals to uphold moral principles and deter participation in white-collar crime. Potential offenders can be deterred and recidivism rates can be decreased by the fear of losing one's social position and ruining one's reputation. In addition to that, white-collar crime deterrence and recidivism rates can be influenced by cultural variables concerning education and knowledge of white-

collar crime. Raising awareness and fostering a culture that values righteous behaviour can happen in a society that places a strong emphasis on ethics education, fraud prevention, and the negative effects of white-collar crime. People who are informed on the societal, economic, and individual costs of white-collar crime are less likely to commit the crime themselves and are less likely to re-offend.

Criminal Justice System Methodologies

The criminal justice system has a significant impact on the rates of white-collar crime deterrence and recidivism. Investigation and detection, prosecution and sentencing, monitoring and supervision, and rehabilitation and reintegration programs, are some of the main elements that will be highlighted in this section. In order to discourage white-collar crime, law enforcement authorities must be effective in investigating and identifying these offences. The capacity to find and prosecute white-collar crimes may be improved with sufficient resources, specialized training, and advanced investigative tactics, sending a clear message that such crimes will not go unpunished. “It is the likelihood of a conviction, not just the severity of the punishment, that influences how individuals act when deciding to pursue a criminal aim.” (Henning, P. J. 2015).

Policing and bringing white-collar crime to justice is incredibly challenging. Authorities are typically brought in after an organization has completed its own investigation since the evidence is very difficult to acquire. Additionally, local police forces—who conduct the great majority of the nation's law enforcement are not skilled or trained to identify white-collar crime. Thus, it is important to remember that only a few cases are prosecuted criminally and even fewer receive sentences. “Given there is such a minor chance of

detection and an even smaller chance of prosecution and conviction, it is astonishing that more white-collar criminals do not gamble with the weak probability of a sentence.”

(Vance, N., & Trani, B. 2008).

Even if a white-collar crime is discovered and reported to the authorities, it is difficult, time-consuming, and expensive to prosecute. Thus, it is crucial to focus on prosecuting every case and when found guilty to impose a punishment severe enough to discourage offenders from wanting to engage in illicit actions. “The vast difference in the punishments for white-collar crime and violent crime is suspected to be a reason for a lack of deterrence and an increase in recidivism among white-collar criminals.”

(Fredericks, K. A., McComas, R. E., & Weatherby, G. A. 2016).

The public knows that non-violent criminals face significantly fewer consequences than violent criminals, thus, are more implied to engage in illegal financial activities. Thus, in the federal system, congress directed judges to consider both deterrence and vengeance when executing punishments on convicted perpetrators. The sentence needs to resemble adequate punishment for that type of offence, with regard to Federal Sentencing Guidelines and provide adequate deterrence to that criminal activity. Hence, why white-collar offenders’ sentences now are much longer than in previous years. “The sentences imposed today for white-collar offences are much higher, and judges continue to justify them on the basis of deterrence.” (Henning, P. J. 2015).

Recidivism rates in white-collar crime can be influenced through post-conviction monitoring and supervision. Regular check-ins, financial oversight, and limitations on

one's ability to engage in certain financial or job activities can all be part of supervision programs like probation or parole. Close supervision can enhance rehabilitation efforts, guarantee adherence to court-ordered responsibilities, and lessen the probability of reoffending. Thus, it is crucial for judicial systems to continue supervising and monitoring, or it would be hard for governments to keep track of offenders and then maintain recidivism rates and impose deterrence. In addition to that, offering rehabilitation and reintegration programs to white-collar criminals can impact recidivism by lowering recidivism rates. These programs may include counselling, educational possibilities, professional development opportunities, and assistance with making moral decisions. People can avoid committing crimes in the future by addressing underlying concerns and ensuring effective reintegration into society.

Policy Implications and Recommendations

Enhancing Deterrence Strategies

The key suggestions will be outlined below in the hopes that by discussing and outlining these strategies, I can contribute to the academic discussion on effective deterrence measures and their effect on recidivism rates in white-collar crime. "Tracing and examining white-collar crime, its costs, the interpretation of the law, sentencing, deterrence, and historical responses reveals no easy or quick-fix solution." (Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. 2003).

However, there are numerous strategies and recommendations that can be made to enhance deterrence efforts; such as:

1. **Improving Legal and Regulatory Frameworks:** Review and revise white-collar crime legislation and regulations to make sure they are thorough, enforceable, and accurate representations of the issues at hand. To effectively discourage future crimes, impose harsher punishments on offenders; such as fines, restitution, and jail.
2. **Strengthening Sentencing and Prosecution:** severe sentences, financial penalties, shaming offenders, administrative and civil sanctions. Assure the efficient application of the laws and rules pertaining to white-collar crime. “More than 43 percent of those arrested for white-collar type fraud are never even prosecuted.” (Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. 2003). Strengthen prosecutorial agencies' competence and knowledge so they can successfully pursue and punish criminals. Potential white-collar offenders are strongly discouraged by prompt and regular prosecution. “With regard to actual white-collar crime, there needs to be increased sentences for white-collar criminals and more severe punishments, which will hopefully be an improvement to current deterrence methods and decrease recidivism rates.” (Fredericks, K. A., McComas, R. E., & Weatherby, G. A. 2016).
3. **Increasing Investigative Resources & Capabilities:** To successfully identify and pursue white-collar crimes, law enforcement agencies and regulatory organizations must improve their investigation capacities. Provide regulatory and law enforcement organizations with enough funding to strengthen their capacity

for investigation. This entails offering specialized training, financial resources, advanced technology, and expert individuals to efficiently detect and look into white-collar crimes.

4. **Accounting Systems:** “The Enron-led scandals of 2001 and 2002 have pointed out the need for accounting reform.” (Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. 2003). Separating consulting and auditing practices will reduce perception and incidents of conflict of interest. In addition to that, imposing a rotation of auditors will lead to a fresh look into financial records; improving the auditor’s performance.

5. **Encouraging Ethics and Professional Conduct:** Integrating ethics education and training into professions that are exposed to white-collar crime can encourage a culture of moral decision-making and deter individuals from participating in dishonest behaviour. Implementing a long-term deterrence plan with a focus on ethics, morality, and corporate responsibility can emphasize the importance of ethics.

6. **Whistleblower Protection and Incentives:** Strong whistleblower protection systems and legislation encourage people with knowledge of white-collar crimes

to come out without fear of reprisal. Giving prizes or legal protections to whistleblowers might further encourage them to come forward with information about misconduct, resulting in early identification and deterrent.

7. **Implementing Compliance Programs:** To stop white-collar crime, encourage organizations to create and implement effective compliance programs. “The key components of an effective compliance program are an anonymous hotline for reporting suspect behaviour, routine training for employees, proper oversight, and swift punishment of those involved in detected crime.” (Gottschalk, P. 2011). Setting up moral standards, internal checks, and staff education programs that encourage moral conduct and increase understanding of the repercussions of engaging in illicit activity are all part of this.

8. **Utilizing Technology and Data Analytics:** Utilize data analytics and technological developments to identify, look into, and stop white-collar crimes. Create sophisticated programs and tools for tracking financial transactions, identifying trends, and discovering abnormalities that could point to fraudulent activity.

9. **Enhancing Financial Oversight:** Improve financial monitoring systems to track down and stop white-collar offences. There are several ways to apply this such as by improving reporting systems, implementing thorough risk assessment processes, and encouraging financial transaction openness.
10. **Public Awareness and Education:** Engage in public awareness initiatives to inform people and organizations about the characteristics of white-collar crimes, their effects, and the steps that may be taken to prevent them. Some ways to educate and bring awareness are through educational programmes, encouraging moral conduct, corporate accountability, and compliance culture.
11. **Management Actions:** Managers may immediately adopt recommendations and actions to increase deterrence, such as developing a code of conduct, drawing attention to improper activities, publishing a white-collar crime newsletter, instituting rewards for ethical behaviour, including training programs for staff members to take part in, and much more. This would improve managers' public perception and reputation, educate staff members about white-collar crime statistics and related issues, highlight the value of ethical behaviour to all staff members, constantly remind staff members of the repercussions of white-collar criminal behaviour, and result in a variety of other benefits. Additional steps managers can do include; partaking in a board members evaluation, having

independent board members, introducing a board member hotline, and providing white-collar crime education.

12. Heightening Cooperation and Information Sharing: Encourage cooperation between law enforcement organizations, regulatory agencies, and business stakeholders to exchange knowledge, intelligence, and best practices so they can ensure the laws placed and measures-imposed work to achieve the same goal; which is minimizing white-collar crime. Thus, to successfully address transnational white-collar crimes, increase collaboration at the national and international levels is needed.

13. Governance Systems: Assuring that the majority of the board of directors is independent of management, developing director development, education, and training programs; establishing certification requirements; evaluating the performance of directors; and establishing a communication channel between stakeholders and the board would lead to increased attention and fulfilment of fiduciary responsibilities, more competent directors, improved performance, and accessible and accountable boards.

14. **Continuous Evaluation and Adaption:** By analyzing data, doing research, and evaluating results, determine how effective deterrent tactics are on a regular basis. To guarantee continuous progress in deterrence efforts, methods should be adjusted depending on new trends and problems.

Rehabilitation and Alternative Measures

Specific rehabilitation and alternative strategies can be put in place to ensure that white-collar offenders are granted an opportunity to return and become a part of society without feeling unwelcomed or needing to look into crimes again; the key recommendations are outlined below in hopes of focusing on meeting the needs of white-collar criminals and fostering their effective rehabilitation and reintegration by implementing these rehabilitative and alternative methods. White-collar crime recidivism rates are lowered and ethical behaviour is encouraged in the workplace by taking actions; such as:

1. **Public Awareness and Education:** Engage in educational programs and efforts to inform offenders about the characteristics of white-collar crimes, their effects, and the steps that may be taken to prevent them from engaging in them again. This would teach them accountability, encourage their moral conduct, and educate them on what's right from wrong.
2. **Rehabilitation and Reintegration Programs:** Invest funds in white-collar criminals' rehabilitation and reintegration programs to address the underlying

causes of criminal activity. To aid in their effective reintegration into society, make education, vocational training, and counselling services accessible.

3. **Ongoing Supervision and Compliance Monitoring:** Implement compliance monitoring and post-release supervision programs to guarantee ongoing adherence to the law and moral principles. This may entail frequent check-ins, monitoring financial transactions, and being required to attend treatment or support programs.

4. **Peer Support and Mentoring:** Create mentoring programs and peer support networks that pair white-collar criminals with individuals who have successfully returned to society after committing crimes comparable to their own. Peer support may offer direction, inspiration, and helpful suggestions on overcoming the difficulties of recovery and reintegration.

5. **Community Service and Restorative Justice:** Participate in community service initiatives that provide white-collar criminals with an opportunity to give back and atone. Practices of restorative justice can assist offenders in understanding the consequences of their acts and foster empathy and accountability. Examples

include taking part in victim-offender conversations or community-based reparation initiatives.

6. **Financial Management and Ethical Training:** Offer unique training courses that emphasize financial management, morality, and professionalism. These initiatives can aid white-collar offenders in realizing the repercussions of their choices, encouraging ethical decision-making in both their personal and professional life.
7. **Financial Education and Entrepreneurship Programs:** Provide white-collar offenders with financial management training programs to help them handle their money appropriately and prevent fraud in the future. Furthermore, entrepreneurship programs can enable offenders to launch respectable firms and take advantage of legal business possibilities.
8. **Collaboration with Professional Associations and Licensing Boards:** Establish rules and standards for moral behaviour in fields prone to white-collar crime in cooperation with professional organizations and licensing authorities. Engage these groups in the healing process by offering ethics instruction, peer support, and continuous professional supervision.

9. **Restitution and Financial Compensation:** Stress the value of restoration and monetary recompense for white-collar crime victims. As part of their rehabilitation process, offenders should be obliged to pay restitution to the victims. This encourages accountability and aids in mending the financial harm done.

10. **Specialized Treatment Programs:** Create specialized treatment plans that accommodate the distinctive requirements of white-collar offenders. These programs may concentrate on issues including correcting cognitive distortions, making moral decisions, evaluating risks, and learning how to control the pressures and temptations connected to white-collar crimes.

Collaborative Approaches and Multidisciplinary Efforts

In order to successfully address white-collar crime and improve deterrence and decrease recidivism rates, collaborative methods and multidisciplinary efforts are essential. A complete and holistic strategy may be used by integrating specialists from numerous fields, including law enforcement, legal, financial, technological, behavioural sciences, and industrial experts. In order to create more effective preventive, investigation, and intervention techniques, this partnership enables the pooling of varied skills, resources, and views. Multidisciplinary initiatives also provide a greater comprehension of the

intricate dynamics influencing white-collar crime and recidivism, resulting in evidence-based practises, strengthened enforcement, and improved rehabilitation programs.

Organizations, legislations and regulatory bodies may increase their influence, solve systemic issues, and develop a more effective and resilient response to white-collar crime by collaborating across disciplines. Examples of collaborative approaches and multidisciplinary efforts include:

1. Psychologists work with law enforcement for the purpose of detecting possible white-collar criminals, to create profiles and prediction models. Their comprehension of human motives, behaviour, and decision-making processes aids in the identification of those who are more likely to commit white-collar crimes.
2. Legal authorities and technological professionals work together to combat cybercrime in white-collar crimes. They can efficiently investigate and prosecute cybercrimes including hacking, data breaches, and identity theft by combining their knowledge of cybersecurity, digital forensics, and pertinent laws and regulations.
3. To investigate and bring complicated financial fraud cases to justice, law enforcement and financial specialists work together. Law enforcement officials provide their investigative abilities and legal knowledge, while financial professionals add their understanding of accounting concepts, forensic analysis, and money laundering approaches.

IFA Approaches and Recommendations

Enhance deterrence strategies

To prevent and combat white-collar crime, forensic accountants are essential. “Forensic accountants are essential to the legal system, providing expert services such as fake invoicing valuations, suspicious bankruptcy valuations, and analysis of financial documents in fraud schemes (Curtis, 2008).” (Gottschalk, P. 2011). Identification, recording, settlement, extraction, sorting, reporting, and verification of historical financial data are all aspects of forensic accounting. Forensic accountants use their in-depth expertise in accounting and investigative methods to find financial anomalies and provide evidence for legal proceedings and cases. Some actions forensic accountants can take to contribute to enhancing white-collar crime deterrence:

1. **Expert Witness Testimony and Legal Support:** Forensic accountants frequently testify as experts in court cases involving white-collar offences. In providing evidence and assisting the court system in holding offenders accountable, their skills in analyzing financial data, deciphering complicated transactions, and recreating financial activity are crucial. Their testimony strengthens deterrence by offering convincing and transparent proof of fraudulent behaviour which assists in the successful prosecution of offenders. The knowledge that forensic accountants may expose financial schemes and provide persuasive evidence in court serves as a strong deterrent, dissuading potential offenders from engaging in white-collar crimes.

2. **Fraud Risk Assessments:** Forensic accountants play a crucial role in enhancing white-collar crime deterrence through risk assessments and proactive fraud prevention strategies. IFA professionals assess an organization's susceptibility to fraud and identify areas of concern related to financial crime. “Hughes et al. (2008) argue that strong corporate control environments are critical to responsible and reliable detection of misconduct.” (Gottschalk, P. 2011). By evaluating internal control mechanisms, analyzing risks, and recommending mitigation techniques, forensic accountants create tailored fraud prevention plans. This proactive approach discourages individuals from exploiting vulnerabilities within the financial system. By addressing weaknesses that potential offenders could exploit, organizations can significantly improve their deterrent measures and foster a culture of integrity and transparency.

3. **Fraud Detection Technology:** In order to find trends, abnormalities, and possible fraud indications within huge datasets, forensic accountants could utilize the use of advanced technological tools and data analysis methodologies. “Applications of science and technology to white-collar crime cases is increasing, although keeping in mind that expert opinion cannot be given with absolute certainty as advances in technology have led to a greater dependence on expert testimony in white-collar crime cases.” (Gottschalk, P. 2011). Using science and technology can then allow experts to more quickly identify and look into intricate financial

fraud schemes by utilizing data analytics and artificial intelligence, which improves deterrence by raising the possibility of early discovery.

4. **Financial Investigations:** To find probable cases of white-collar crime, forensic accountants can perform in-depth financial examinations. They can spot inconsistencies, discrepancies, and indications of fraudulent conduct by scrutinizing financial data, transactions, and accounting procedures. This aids in the early detection and prevention of white-collar crimes.

5. **Investigative Procedures and Support:** In the investigation and prosecution of white-collar crimes, forensic accountants carry out exhaustive investigations to compile information and establish the facts when there are indications of illicit actions and they then work in conjunction with law enforcement agencies, attorneys, and other investigators. “Forensic accounting as a discipline has its own models and methodologies of investigative procedures that search for assurance, attestation and advisory perspectives to produce legal evidence.” (Gottschalk, P. 2011). They boost the whole investigative process with their specialized expertise, abilities in financial analysis and evidence collecting, forensic interviews, and data analysis which results in more successful deterrence and prosecution. As a result, understanding that their actions can be found and tracked, potential criminals are discouraged from committing crimes.

6. **Fraud Awareness and Training:** Forensic accountants can lead training programs to educate management, employees, and stakeholders about the many forms of fraud; including white-collar crimes, their consequences, how to avoid them and the value of ethical behaviour. By raising awareness and promoting ethical culture within a company, it is easier for employees to be vigilant and proactive, and discourages individuals from engaging in fraudulent behaviour.

7. **Whistleblower Programs:** In order to create and maintain whistleblower programs inside organizations, forensic accountants are able to assist. These initiatives urge staff members to anonymously disclose any suspicions of fraudulent activity without concern for reprisals. Forensic accountants help to reduce the likelihood of white-collar crime by creating routes for reporting and ensuring that issues are adequately explored.

Forensic accountants significantly enhance white-collar crime deterrence by making use of their knowledge in financial analysis, fraud detection, and investigative procedures. Their proactive strategy aids organizations in detecting fraudulent activity, identifying and mitigating fraud risks, and strengthening overall compliance and control frameworks.

Different Investigations to Implement to Improve Prosecution

“In recent years, Hansen (2009) argues that accounting and computer forensics is currently the investigator’s best tools in detection and implemented in most white-collar investigations.” (Gottschalk, P. 2011). Forensic accountants can use their knowledge and expertise to improve detection by applying different investigations which would improve overall white-collar crime prosecution rates and decrease recidivism rates. This will deter people from engaging in such activity because there is a greater chance that they will be caught. Different investigation strategies that can be applied to improve prosecution include:

- 1. Internal Investigations:** In order to find cases of fraud, embezzlement, or other financial misbehaviour, forensic accountants carry out internal investigations within organizations. They gather evidence, conduct personnel interviews, examine financial documents, and prepare a case for prosecution. Both criminal prosecution and the adoption of corrective actions to stop future offences are facilitated by internal investigations.

- 2. Compliance and Regulatory Investigations:** Forensic accountants look into any infractions of laws, rules, and industry standards to better understand white-collar crimes. They look at internal control procedures, anti-money laundering (AML) regulations, and ethical guidelines for conduct. These investigations aid in finding instances of non-compliance and offer data for enforcement and regulatory measures.

- 3. Expert Testimony:** To help the court comprehend the financial ramifications of the case, forensic accountants offer expert views, interpretations, and explanations of difficult financial topics. Their evidence aids in the prosecution's development of a strong and convincing case against the defendant.

- 4. Fraudulent Financial Statements Investigations:** Forensic accountants go through financial statements in order to find any misrepresentations, false transactions, and intentional manipulation of financial accounts, by carefully examining accounting records, entries, and disclosure practices. These investigations offer prosecution proof of financial statement fraud.

- 5. Asset Tracing:** Forensic accountants track the money and other assets involved in white-collar crimes. They monitor the movement of money, find offshore transactions, concealed accounts, and other tools for hiding illegal income. Investigations into asset tracing aid in the recovery of misused cash and offer vital evidence for prosecution.

- 6. Financial Analysis:** Forensic accountants examine financial information, transactions, and accounting procedures to look for abnormalities, inconsistencies,

and other indications of fraud. To find hidden assets, identify fraudulent transactions, and signs of money laundering, they closely examine financial statements, bank records, invoices, and other pertinent papers.

Other recommendations

In addition to the approaches mentioned above, forensic accountants may offer other recommendations to improve deterrence and lower recidivism rates for white-collar crimes, such as:

- 1. Continuous Monitoring and Detection:** Forensic accountants could suggest implementing effective monitoring systems and technologies to identify financial irregularities in real-time. Thus, organizations can quickly spot suspicious actions and launch appropriate investigations by utilizing data analytics and anomaly detection approaches. By raising the likelihood of early identification and action, this proactive method strengthens deterrence.

- 2. Continuous Professional Development:** To keep updated on the newest trends, methods, and laws pertaining to white-collar crime, forensic accountants should participate in continuous professional development. By improving their knowledge and abilities, they may provide organizations, law enforcement, and other stakeholders involved with greater advice and suggestions with regard to deterring white-collar crime.

3. Discovery Assistance: With regard to evidence gathering, forensic accountants can help legal teams by evaluating financial records, identifying necessary information, and revealing concealed or altered data. Their proficiency in identifying fraud trends and financial irregularities aids in the discovery of key evidence that may be utilized to establish a solid case against the accused.

Conclusion

Summary of Findings

In the area of white-collar crime, the summary of data shows a strong and statistically significant relationship between deterrent measures and recidivism rates. The analysis shows that the establishment of specialized investigative units, targeted enforcement initiatives, and the imposition of severe penalties are all effective deterrence strategies that significantly lower the likelihood of repeat offences among white-collar offenders. Additionally, the results show that the employment of forensic accountants and rehabilitation programs, together with cooperative strategies from law enforcement organizations, governing bodies, and corporations, show potential in reducing recidivism rates. These results highlight the importance of adopting a thorough and complex strategy that combines deterrence and rehabilitation mechanisms while encouraging cooperation among various sectors in order to make significant progress in deterring white-collar crime and lowering the frequency of re-offending. The implications of these results are crucial for guiding the development of white-collar crime deterrence strategies and the application of successful tactics designed to increase deterrence and have a more just

society.

Contributions to Knowledge

This study contributes to the current findings and knowledge by:

- 1. Establishing Empirical Evidence:** This study offers empirical support for the relationship between deterrent strategies and recidivism rates in white-collar crime. This study strengthens the notion that effective deterrent measures have a substantial influence in lowering the chance of repeat offences among white-collar criminals by methodically analyzing and evaluating pertinent data.
- 2. Enhancing Understanding of White-Collar Crime Dynamics:** This study advances our knowledge of the factors that influence white-collar crime and recidivism. This research gives light on the motivations, patterns, and variables driving recurrent offending in white-collar crime by examining the link between deterrence and recidivism rates. These revelations help us understand the complexity of white-collar crime and lay the groundwork for further studies and the creation of new laws.
- 3. Identifying Effective Deterrence Strategies:** This study outlines specific deterrent tactics that have been shown to be successful in preventing recidivism in white-collar crime. It provides insights into the effectiveness of severe sanctions,

focused enforcement actions, specialized investigative units, rehabilitation programs, and alternative sentencing decisions. These findings provide information on evidence-based strategies that may be used to increase deterrence and lower recidivism rates to policymakers, practitioners, and stakeholders.

- 4. Informing Policy and Practice:** This research advances the study of white-collar crime by influencing practice and policy development. The findings offer useful direction for policymakers in developing effective strategies for white-collar crime and evidence-based tactics to enhance deterrence. The study's conclusions can also help practitioners in law enforcement, regulatory, and legal organizations improve their methods, manage resources wisely, and collaborate more effectively in the prevention and detection of white-collar crime.

Future Research Directions

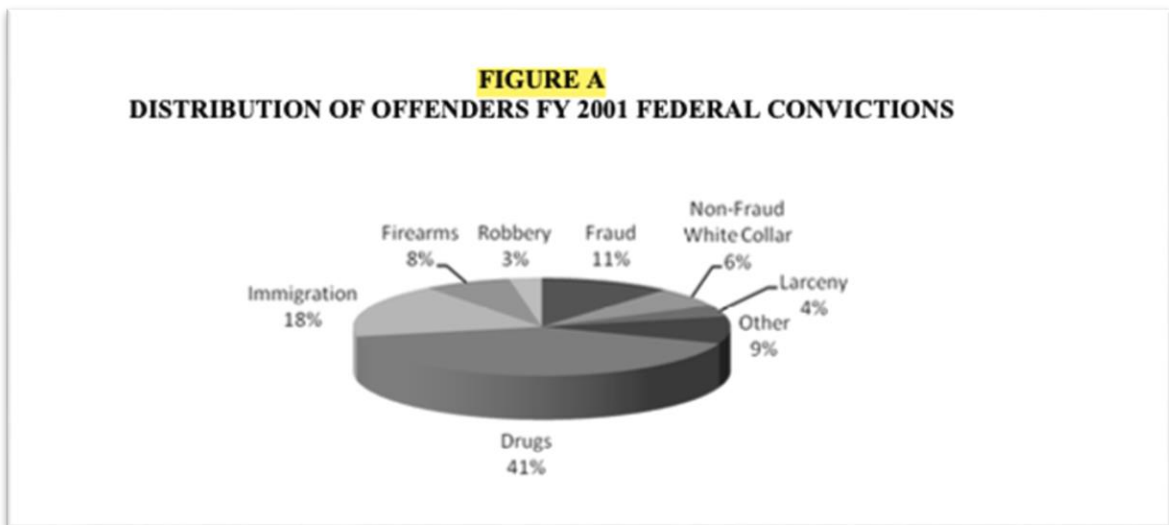
Scholars may increase knowledge of the relationship between deterrence and recidivism rates in white-collar crime and contribute to the advancement of evidence-based measures that successfully prevent such offences and lower recidivism among offenders by tackling study directions such as looking into the long-term impact of deterrence, evaluating the effectiveness of rehabilitation programs, investigating the role of technological advancements, and assessing the impact of regulatory changes and reforms on white-collar crime deterrence and recidivism rates.

Research Gaps

The relationship between deterrence and recidivism rates in white-collar crime is a complex area to study. After conducting research in this field, there are still several research gaps that exist. A greater understanding of the relationship between deterrence and recidivism rates in white-collar crime would result from filling in these research gaps, which would also help guide the creation of evidence-based policies and interventions to lower reoffending in this case. Some research gaps include limited empirical research and a lack of longitudinal studies.

Appendices

Appendix 1: *Graph shows federal convictions amongst different offences within the United States in 2001* - Situational Prevention and the Reduction of White-Collar Crime.



Appendix 2: *The table shows the six different types of white-collar offences and the average length of sentence in 2010 -- White Collar Crime: Recidivism, Deterrence, and Social Impact*

Data on sentences in U.S. District Courts from 2002 to 2010 were gathered using Sourcebook.

	Average Sentence Length (Months)	Median Sentence Length (Months)	Total Cases
Money Laundering	30.6	15	806
Fraud	23.2	10	8,065
Bribery	19.7	12	224
Tax	16.3	12	665
Forgery/Counterfeiting	14.4	12	880
Embezzlement	7.8	3	434

Appendix 3: *The table shows the average length of sentence in 2010 for violent crimes*

- White Collar Crime: Recidivism, Deterrence, and Social Impact

	Average Sentence Length (Months)	Median Sentence Length (Months)	Total Cases
Murder	276.1	251	66
Kidnapping/Hostage taking	162.7	144	39
Sexual Abuse	108.6	96	384
Arson	78.6	60	75
Manslaughter	72.6	44	64
Assault	37.6	24	631

Appendix 4: *The table shows the six different types of white-collar offences and their sentences in 2010 -- White Collar Crime: Recidivism, Deterrence, and Social Impact*

	% Receiving Imprisonment	% Receiving ONLY Imprisonment	% Receiving Community Service & Prison	% Receiving Probation & Prison
Money Laundering	76.9	72.5	4.5	6.6
Fraud	77.6	71.8	5.8	7.8
Bribery	73.1	66.4	6.7	11.7
Tax	62.9	53.7	9.2	17.4
Forgery/Counterfeiting	72.1	66.1	6	9.1
Embezzlement	44.9	35.2	9.7	12.3

Appendix 5: *The table shows violent crimes and their sentences in 2010 -- White Collar*

Crime: Recidivism, Deterrence, and Social Impact

	% Receiving Imprisonment	% Receiving ONLY Imprisonment	% Receiving Community Service & Prison	% Receiving Probation & Prison
Murder	98.5	97	1.5	0
Kidnapping/Hostage taking	100	100	0	0
Sexual Abuse	96.9	95	1.8	1.8
Arson	96	90.7	5.3	1.3
Manslaughter	98.4	95.3	3.1	1.6
Assault	83.3	79.1	4.2	3.7

Appendix 6: *The table shows the recidivism rates for the six different types of white-collar crimes in 2010 --* White Collar Crime: Recidivism, Deterrence, and Social Impact

	6 months	1 year	2 years	3 years
Rearrested	18.6	30.7	50	58.8
Re-convicted	4.6	12.4	32.3	39.2
Re-incarcerated	4.4	10.6	26	31.9
Re-imprisoned	4.2	8.7	20.7	24.1

Appendix 7: *The table shows the recidivism rates for violent crimes in 2010 -- White*

Collar Crime: Recidivism, Deterrence, and Social Impact

	6 months	1 year	2 years	3 years
Rearrested	15.1	22.2	31.4	38.9
Re-convicted	2.9	10.7	15.9	27.9
Re-incarcerated	2.6	6.7	12	16.7
Re-imprisoned	1.9	4.7	8.5	11.5

Appendix 8: *The table shows* rates of reoffending of any kind using official records from the Canadian Police Information Centre (CPIC) database combined with information from the Offender Management System (OMS) -- A Comprehensive Study of Recidivism Rates among Canadian Federal Offenders

Table 9
Rates of Reoffending by Index Offence (Based on OMS and CPIC Records)

	Any Reoffence (N = 8,881)			1 year (N = 8,832)			2 years (N = 8,767)			3 years (N = 8,705)			5 years (N = 8,267)			
	MD _R	n	%	MD _F	n	%	MD _F	n	%	MD _F	n	%	MD _F	n	%	MD _F
All Offence types	1957	4417	49.7	610	1511	17.1	140	2440	27.9	279	3075	35.4	388	3562	43.2	545
Homicide	2208	147	30.5	746	42	8.7	166	72	15.1	286	90	19.2	455	103	23.6	631
Sexual	2243	323	30.9	753	87	8.4	187	154	14.9	319	208	20.4	444	251	25.4	624
Robbery	1073	1015	64.2	560	377	24.0	114	603	39.0	273	738	48.4	383	799	57.1	524
Assault	1267	728	62.2	599	264	22.7	146	404	35.0	258	505	44.1	356	584	54.2	529
Other Violent Offence	1991	214	47.7	792	54	12.1	190	99	22.4	342	136	30.8	452	185	43.4	721
Drug	2241	671	34.8	838	174	9.0	146	294	15.3	320	402	21.0	447	517	28.0	703
Property	834	891	68.6	477	366	28.2	134	577	45.1	264	703	55.1	350	773	63.6	464
Other Non-Violent	2108	428	46.1	580	147	16.1	132	237	26.2	294	293	32.6	379	350	40.4	531
Men	1898	4215	50.8	599	1459	17.7	140	2349	28.7	278	2946	36.3	386	3404	44.2	538
Homicide	2208	135	30.9	757	39	8.9	168	65	15.1	270	82	19.3	455	96	24.2	642
Sexual	2243	320	31.0	751	86	8.4	189	153	15.0	319	207	20.5	449	249	25.5	624
Robbery	1021	947	64.8	526	363	25.1	114	576	40.3	268	697	49.5	373	746	57.9	503
Assault	1235	702	63.4	598	255	23.2	142	390	35.8	258	489	45.2	360	564	55.6	530
Other Violent Offence	1928	208	48.9	779	54	12.8	190	97	23.2	333	132	21.5	443	180	44.7	720
Drug	2230	630	35.9	841	165	9.4	152	277	15.9	319	378	21.7	443	486	29.0	704
Property	797	860	70.6	477	354	29.1	132	560	46.6	268	679	56.8	350	746	65.4	463
Other Non-Violent	2094	413	47.7	571	143	16.7	132	231	27.4	298	282	33.7	377	337	41.9	516
Non-Indigenous Men	2115	3037	45.9	632	985	15.0	149	1641	25.2	294	2073	32.0	402	2438	39.5	566
Homicide	2271	88	27.0	980	22	6.8	166	36	11.2	303	48	15.0	461	60	19.7	743
Sexual	2284	180	23.2	863	38	4.9	194	79	10.3	373	106	14.0	540	133	18.2	697
Robbery	1263	691	60.4	562	247	21.8	142	407	36.3	286	495	44.8	389	542	53.1	525
Assault	1680	419	56.2	660	138	18.6	157	219	29.9	257	278	38.2	392	331	48.3	591
Other Violent Offence	2111	157	43.6	775	42	11.8	195	73	20.6	308	100	28.3	433	136	39.7	706
Drug	2248	527	33.4	863	129	8.2	159	226	14.4	334	314	20.1	465	407	27.0	752
Property	853	676	68.2	488	268	27.1	138	432	44.1	283	525	53.8	366	583	62.4	470
Other non-Violent	2141	299	42.9	567	101	14.7	119	169	24.9	302	207	30.6	387	246	37.8	509
Indigenous Men	923	1178	69.8	521	474	28.2	106	708	42.7	234	873	53.0	343	966	63.3	473
Homicide	1412	47	42.3	589	17	15.3	173	29	26.6	244	34	32.1	423	36	39.1	595
Sexual	1833	140	54.0	662	48	18.7	182	74	28.9	260	101	39.5	393	116	47.2	498
Robbery	615	256	80.8	429	116	36.6	72	169	54.9	187	202	66.5	322	204	75.8	439

Bibliography

- Fredericks, K. A., McComas, R. E., & Weatherby, G. A. (2016). White Collar Crime: Recidivism, Deterrence, and Social Impact. *Forensic Research & Criminology International Journal*. <https://doi.org/10.15406/frcij.2016.02.00039>
- Gannon, M., Mihorean, K., Beattie, K., Taylor-Butts, A., & Kong, R. (2005). Criminal Justice Indicators. *Statistics Canada, Canadian Centre for Justice Statistics*.
- Gottschalk, P. (2011). Prevention of White-Collar Crime: The Role of Accounting. *Journal of Forensic & Investigative Accounting, Vol 3, Iss.1, 2011, Pp. 23–48*. <https://biopen.bi.no/bi-xmlui/handle/11250/93506>
- Henning, P. J. (2015). Is deterrence Relevant in Sentencing White-Collar Criminals? *Is Deterrence Relevant in Sentencing White-Collar Criminals?* <https://digitalcommons.wayne.edu/cgi/viewcontent.cgi?article=1099&context=lawfrp>
- Ivancevich, J. M., Duening, T. N., Gilbert, J. A., & Konopaske, R. (2003). Deterring white-collar crime. *Academy of Management Perspectives, 17(2)*, 114–127. <https://doi.org/10.5465/ame.2003.10025206>
- Miller, R., Baglole, S., Wilton, G., & A Stewart, L. (2019). A Comprehensive Study of Recidivism Rates among Canadian Federal Offenders. *Correctional Service Canada*.
- Sutherland, E. H. (1940). White-Collar Criminality. *American Sociological Review, 5(1)*, 1. <https://doi.org/10.2307/2083937>

Vance, N., & Trani, B. (2008). Situational Prevention and the Reduction of White-Collar Crime. *Journal of Leadership, Accountability and Ethics*.