

# **The Allocation of Police Resources to White Collar and Sophisticated Economic Crimes: A Look at Discretionary Case Decision Making and a Macro Look at its Impact on the Police, Society and Victims**

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## ***Abstract***

*This research was constructed to identify the internal, external and cultural influences on police decision making in the assignment of resources to long term and complex financial crimes and the impact those priority decisions have on their local community and society as a whole. These complex crimes are perpetrated by a wide cross-section of criminal offenders who can be organized, sophisticated, opportunistic, multi-jurisdictional and international. Victims of sophisticated financial crimes are often wealthy or middle-class, victimized by perpetrators from other jurisdictions, elderly, and often are corporations and governments. Agencies are often willing to place additional resources into cases even if the victim and the perpetrator live outside of their jurisdictions but they are hampered by manpower and resource issues, lack of technology and expertise, and may lack authority beyond their own jurisdiction. Agencies are also influenced by the financial harm/loss to the victim, the number of victims and/or perpetrators, the egregiousness of the conduct, jurisdiction, and the discretion of prosecutors and courts. Ultimately, society pays a price through higher taxes, fees, costs, and the trust and fairness in our financial system, government and the police.*

## **Introduction**

The scope of this research would be to identify the highlights of the internal, external and cultural influences on city, county, and state police agencies that affect their decision to allocate resources to complex, long term financial crimes and the impact those decisions have on victims and society as a whole. The vision of this research is to contribute additional information to existing and future studies that may lead to a more comprehensive consideration to the problem of white collar and financial crimes and an appreciation for the resources needed to battle this significant harm.

In order to take these factors into consideration, input for this assessment was needed on the cultural understanding of criminality and more specifically white collar crime as both a characteristic of a type of defender as well as a technique of a type of crime.

It is important to note that the focus will be on local, county and state police decision making for the allocation of resources to long term and complex financial crime investigations and not common property crimes (which is a worthy study for other research). Discussion related to federal agencies will only be used to provide reference and perspective.

Compared to their predecessors, the modern Police Administrator has access to more proven research, specialized and battle tested training, programmatic technologies that assess their agencies' use of man-hours, and generally accepted principles on the allocation of personnel. They employ modern technologies and specialized skills that assist them in their core missions and some have been able to become more strategic and proactive depending on budgets and varying internal and external influences. All agencies would appreciate the luxury of assigning additional resources to long term case investigations. With limited resources, both manpower and budgetary, agencies must constantly re-assess their non-core missions and weigh multiple influences and unique factors prior to opening complex, long term financial crime investigations. Local police agencies identify specialized detectives or squads to work long term financial crime cases. Some state agencies are designed to target white collar crime as a matter of their foundation and some have discretion in the amount of resources they choose to apply to this issue.

Relationships among multiple police jurisdictions is critical in identifying and investigating these groups and typically the police work closely with private industry partners who are often the victims. Having prosecutors willing/able to take on the victims from multiple jurisdictions is critical to successfully dismantling these operations.

Perpetrators of long term complex financial frauds can be single offense actors, organized in the traditional and non-traditional sense, or opportunistic. Some opportunistic crimes occur on a mass scale as large numbers of offenders join the illicit activity (as recently observed in mortgage frauds, organized tax frauds, insurance frauds and medical frauds). Some criminals are drawn to crime trends. They recognize it, learn from it, and engage in it. These crimes cause public anxiety by drawing in large numbers of opportunistic criminals and by consequence, more victims. The similarity in their crimes may give the false appearance of being organized. They may lack organization but may join with others in temporary union for a criminal enterprise. The pre-mortgage crisis era demonstrated the seriousness of this type of criminality, when typically law abiding citizens are enticed to criminality in such large numbers they overwhelm regulators and investigations. Depending on the crime, some become specialists at their craft. Another type of perpetrator, and the one with potentially the most impact on society's well-being, is the highly influential socioeconomic white-collar criminal that is discussed in the literature review.

## **Literature Review**

A literature review was conducted of governmental, academic, private, think-tank, media and web-based sources. There is a significant amount of research in the specific areas of police resource allocation, economic and White Collar crime investigations and trends, the cultural variances in police departments, and the influences on police decision makers used for this research. More than 100 research documents were read and analyzed and more than one hundred shorter articles and web postings were reviewed, with many having important input to this paper.

Though the terms traditional organized crime and non-traditional organized crime may fit their lay meanings as portrayed in popular cultural, "white collar crime" has a

more complex interpretation depending on the reader/audience. The literature review identified varying interpretations of the meaning of white collar crimes and how it may differ from common, financial crimes. Researchers have spent a significant amount of effort examining and identifying its meaning as a type of crime or a type of perpetrator. For instance, in the book, *White Collar Crime and Careers* (Weisbrud & Waring, 2001) the author states that some recognize white collar crime in context of the crimes they perpetrate and “not the social positions of offenders” (Weisbrud & Waring, 2001, p. 8). “The Federal Bureau of Investigation has opted to approach white-collar crime in terms of the offense. Within the FBI definition, there is no mention of the type of occupation or the socioeconomic position of the “white-collar” offender” (Barnett, 2000). Suffice it to say that “any definition of white collar crime is meaningful only in relation to its stated purpose” (Friedrichs, 1992)

For the purpose of this research, an “ad hoc” (Di Gennaro & Vetere, 1980, p. 3) interpretation of white collar crime will be used to distinguish the characteristics of a white collar criminal from the types of financial crimes they perpetrate. There needs to be a distinction so that the references to white collar criminals are specific to those with societal influence and “provides a clear contrast to the common crimes” (Weisbrud & Waring, 2001, p. 9). From herein, at a lack of having better terminology for criminality by the socioeconomic influential, white collar crime will be used in the historic context (Sutherland, 1940, p. 1) that refers to the varying types of frauds and financial criminal acts conducted by persons in position of trust, respected and professional businessmen, professionals or corporate criminals, including the most “elite” (Weisbrud & Waring, 2001, p. 22).

History indicates that White collar and financial crimes done on massive and systemic scale have a significant impact on an economy and trust in the economic and political system. It is also said that Economists do not believe that fraud has any consequence in the financial markets and they trivialize it (Pontell & Black, 2012, p. 4).

If white collar crime is permitted to occur without consequence more of society will choose this route to financial gain and crime itself becomes the norm (i.e. insider stock trading scandals). When the crimes of economically powerful are not constrained on a national level, they bleed into the financial and social infrastructure at every level and opportunistic criminal joins in sometimes on a massive societal level (i.e. mortgage frauds in 2007). Society can collapse on a micro scale (neighborhoods, cities) or larger if attention is not paid to these types of crimes. “Even criminologists were late in reaching the conclusion that white-collar crime is by and large the most harmful of violations and deviations, not only because it is the most costly, it also because it threatens and destroys faith in the bases of economic life, and because there appears to be no adequate defense against it”. (Di Gennaro & Vetere, 1980, p. 3)

The reading completed in this research found many historical comparatives to current economic crime dilemmas. One of the earliest writers on the subject, Edwin Sutherland, wrote in 1940, “White-collar criminality is found in every occupation, as can be discovered readily in casual conversation with a representative of an occupation by asking him, What crooked practices are found in your occupation?”. Few can dispute that the recent crisis in 2007 that almost brought down the world economies had pervasive involvement of criminality on the part of corporate behavior, individual profiteers within those corporations (including financial institutions and their insurers),

and common investors who took advantage of a free system to use lies and fabrications to personally profit from the system that failed to control it. The systemic fraud cycles always return; “Such waves of fraud are neither random nor irrational; they occur when a criminogenic environment creates perverse incentives to act unlawfully” (Pontell & Black, 2012).

Trust in the economy, in our politics and our system starts at the top. When corporations and government are perceived to be corrupt, and the police and courts are no longer seen as the gateway to justice, then the morals of the country fall with it. It is assumed in society that white collar criminals, who get caught, are treated differently by the system and have more influence in it. Whether the facts bear that out may not be as important as the impact that the perception does (It is noted that research actually shows white collar criminals actually receive long prison terms (Henning, 2012) and this is contrary to most public perception). Other research has indicated that more educated and wealthier individuals view white collar crime as less likely to result in punishment. (Schoepfer, Carmichael, & Piquero, 2007, p. 160). A 2010 survey by the National White Collar Crime Center (National White Collar Crime Center [NW3C], 2010) noted, “A majority believed white collar crime has contributed to the current economic Crisis” and highlighted that, “Offenses committed at the organizational level were viewed more harshly than those committed by individuals and crimes committed by high-status offenders (those in a position of trust) were seen as more troubling than those committed by low-status persons.

### **Police Case Discretion**

Law enforcement agencies have a lot of discretion to choose which cases to take and which ones they will decline. Many agencies have criteria to open an investigation such as whether the victim or perpetrator lives in their jurisdiction or a specific threshold for financial loss. The victims are often left to “shop” their case to other agencies. A Florida Department of Law Enforcement Senior Leadership paper written by Crystal T. Broughan (Broughan, 1998, p. 1), states that “Citizens of Florida encounter a maze of difficulty when trying to find which government agencies handle complaints and investigations on white-collar crime cases”. The public may then perceive the police are not accepting these cases because they treat financial crime less seriously than other crimes or that the police themselves have been negatively influenced by the elite white collar criminals. An assessment of Mortgage Fraud, written by the writer of this assessment for the Florida Department of Law Enforcement in 2005 noted, “Due to the lack of resources, state and federal agencies tend to initiate investigations in which there is a social, economic, regulatory or political impact. Local law enforcement agencies take on smaller, but more numerous investigations. Taxpaying constituents often find themselves “shopping” for a police agency and a prosecutor to take their case”. Yet, corporations who are perceived to have more influence may also have more access to police response when they are the victims of a financial crime. Corporations (and government) are targeted by criminals for easy money. They are legitimate victims and deserve the attention of police resources; however, a valid question to ask, not identified in this research: are police agencies taking on more cases where corporations

are being victimized potentially reducing the available resources that could have been applied to a citizen victim of a crime.

Local police departments assign significant resources to short term financial and property crime cases. Their constituents demand this attention. Many agencies fall back to formulas to determine the number of resources assigned to criminal investigations (short or long term). As noted in a paper done by Elliott Gribble for the FDLE Senior Leadership Class in 1996, *“Traditionally, personnel allocation formulas for law enforcement were designed for the uniformed patrol divisions using formulas that record required staffing needs by the tasks performed and the demographics of the community. Investigative positions have been filled based on the old adage of ten percent of the agency’s total sworn personnel”*. (Gribble, 1996, p. 1). It can be argued that the greater benefit to society as a whole is to focus the efforts and resources on criminal activities that are repeated, organized and have the most impact on preventing future crimes. Studies and research (Weisbrud, Waring 2001) state that, *“a substantial number of offenders who are convicted under the White Collar Crime statutes...have multiple contacts with the criminal justice system”*.

To target white collar, organized and sophisticated criminals, cases require more expertise on the part of the investigator and need more manpower and time. Often, these cases requires teaming up with other agencies (often with dissimilar cultures and policies/procedures), especially those agencies that have more technical resources and financial expertise. Complex white collar and financial frauds often run into statute of limitations issues and sometimes are difficult to maintain the interest of prosecutors and investigators (as they may drag on for years). By their nature, long term financial crime investigations often mean the targets become aware of the investigation as it develops causing flight concerns and witness tampering. These cases are difficult to present to juries. There are *“issues of complexity, witness credibility, juror sophistication, and myriad unquantifiable factors”* and *“numerous witnesses, financial experts, and hundreds of documents is substantially more complicated than proving the average drug deal on the street”*. (Ramirez, 2010, p. 991)

Criminal perpetrators may become specialists at their criminal craft and recruit others at which stage they may evolve into a non-traditional organized criminal group that perpetrates across jurisdictional boundaries. Perpetrators learn from experience (getting caught) and hone their craft. Additionally, perpetrators have access to more (out of jurisdiction) victims than ever through the use of Internet, smartphones, and international travel. Perpetrators are perceived to have more resources, hire more influential lawyers to delay and disrupt the investigation, prosecution and courts, and often are not arrested until the culmination of an investigation (unlike their street criminal counterparts). Even perpetrators adjust their risks based on their perceptions that there is not a likelihood of them getting investigated or (if investigated) not charged (and if charged) not convicted of a crime; minimizing the idea that sanctions and penalty are a deterrent (Schoepfer, Carmichael, & Piquero, 2007, p. 152).

The influence on the police from Prosecutors and the courts are also significant and are of value for future studies. A Judge’s sentence, even a prosecutor’s discretion at treating White Collar criminals differently, implies that these offenders are not as bad as “ordinary” criminals and even valuable to society living outside of prison (Henning, 2012). However, even the Federal system has the ability to reduce sentencing, noting at

times that White Collar criminals have more to lose, such as their reputation in society. (Henning, 2012).

Recent statistics indicated that white-collar offenses resulted in annual losses to victims in excess of \$250 billion, compared to estimates of \$17.6 billion for losses accrued due to personal and household crimes (Rosoff, Pontell, & Tillman, 2002, p. 26).

It may be misleading at times to use arrests as indicators of the underlying criminal behavior of offenders (Weisbrud & Waring, 2001); therefore, a survey/analysis to determine what factors the Police take into consideration in accepting or referring a case adds an additional perspective on the potential scope of the financial fraud crime problem.

## **Victims**

Victims (private and corporate) may not come to law enforcement for many reasons. Some victims may perceive that law enforcement does not have the expertise and knowledge base to understanding the complexity of the crime they were victimized by, some may not know how to or who to report a crime to, some fear embarrassment, some do not trust the police, and some choose civil litigation over criminal action. Some victims of economic crime may have been the target of an opportunistic criminal who would not necessarily repeat the behavior. Victims of a single criminal act and singular episode may only have their local jurisdiction to turn to for a response. The literature review attempted to determine what happens to financial crime cases after initial contact by the victim with a police (or regulatory) agency. What type of cases are being accepted, declined or referred by police agencies. The National White Collar Crime Center (NW3C) and consumer sentinel systems at agencies like the Federal Trade Commission and Florida Department of Agriculture and Consumer Services were set up to identify patterns of white collar and financial crime behavior.

The aforementioned National White Collar Crime Center (NW3C) surveyed households in 2010. They reported that, “in conjunction with direct victimization questions, respondents were asked whether or not the victimization was reported to law enforcement or other entities that might be able to assist the victim”. Of the household victimizations:

- 54.7% were reported to at least one external recipient or agency (e.g., credit card company, business or person involved, law enforcement, consumer protection agency, personal attorney, etc.)
- Only 11.7% were reported to law enforcement or some other crime control Agency.
- Nearly one (1) in four (4) households was victimized by white collar crime within the previous year

The study did not reflect the number of cases actually accepted for investigation but noted, “*Relatively few victimization reports reach law enforcement*” (identified as 21.4 percent in the study).

The Federal Trade Commission 2012 Annual report (Federal Trade Commission [FTC], 2013) stated that, “*over one million complaints were fraud-related. Consumers reported paying over \$1.4 billion in those fraud complaints.* Highlights:

- Fifty-seven percent of all fraud-related complaints reported the method of initial contact. Of those complaints, 38% said email, while another 34% said the telephone. Only 9% of those consumers reported mail as the initial point of contact.
- Florida is the state with the highest per capita rate of reported fraud and other types of complaints.
- Homosassa Springs is Ranked # 2, Jacksonville #11, Tampa/St. Petersburg #11, Orlando #20, Northport #21 and Pensacola #22 in the country in per capita (100,000 population) (Note: there was not a South Florida City in top 50)
- Forty-two percent (42%) of identity theft complainants reported whether they contacted law enforcement. Of those victims, sixty-eight percent (68%) notified a police department. Fifty-four percent (54%) of these indicated a report was taken.
- Miami area is by far # 1 in the country for Identity Theft complaints followed by several other Florida cities.
- Florida is the state with the highest per capita rate of reported Identity Theft complaints.
- Forty seven percent (47%) of victims paid the perpetrator using wire transfer, followed by credit cards then banks
- Most victims of frauds are not elderly, nor the well-educated.
- Fraud complaints have risen from 1.89 million in 2011 to 2.61 million in 2012.
- In 2012, Fraud losses in Florida totaled over 187 million dollars (second only to California).
- The average loss is \$4,739.00 per victim.
- Forty six percent (46%) of the victims who reported lost actual money to the fraudster.

Interestingly, the NW3C critiques the FTC survey(s) noting, “*While such surveys attempt to quantify the existence of specific crimes among the general population, the parameters used to identify white collar crime do not delineate the extent of the problem*”.

Other research done on white collar crime defendants in the Federal system, using a study of pre-sentence investigations, was also determined to be limited due to 1) only being in federal courts 2) did not take administrative or civil law into consideration in the sample 3) “*did not study white-collar offenders who had fallen under suspicion but had never been indicted and successfully prosecuted*” (Weisbrud & Waring, 2001, p. 16).

This research attempted to identify trends, expert input and quantifiable numbers to assess the white collar and financial crime effect on the state of Florida. For quantifiable numbers, the Florida Uniform Crime Report (UCR) data was identified as a potential source, however, White-collar offenses are not index crimes, therefore UCR

data is of limited use in analysis for this type of paper. UCR only measures white collar crime offenses as fraud, forgery/counterfeiting, embezzlement, and the category “all other offenses”. However, many states (not Florida) use the National Incident Based Reporting System (NIBRS) which is used to collect data, “including the nature and types of specific offenses” within an incident and the “characteristics of the victim(s) and offender(s)” . (Status of NIBRS in the States, 2012). As of June 2012, thirty-two (32) states have been certified to report NIBRS to the FBI, and three additional states and the District of Columbia have individual agencies submitting NIBRS data. Fifteen states are only submitting incident-based data, covering 100% of their state law enforcement agencies. Approximately 29% of the population is covered by NIBRS reporting, representing 27% of the nation's reported crime and 43% of law enforcement agencies. (Status of NIBRS in the States, 2012). Florida has collected CargoTheft reports in the UCR since 2012. In its first full year of reporting, Florida reported 8.32 million dollars lost in Cargo Theft and only 2.52 million dollars in recoveries. (Reported Cargo Theft in Florida, 2012).

## **Methods**

The purpose of this research was to identify some of the internal, external and cultural factors that determined the priority for the allocation of resources to complex and long term investigations. The research was also able to identify some of the types and trends of long term cases that victims bring to their law enforcement agencies as well as some of the characteristics of victims and perpetrators.

In order to identify the gaps that exist in research, as aforementioned, an intensive literature review was conducted. It was determined that most of the past studies focused on victim crime surveys and not specifically law enforcement's discretion on accepting, deferring or declining a case. The survey targeted specialized investigative units within the respective department/agency or the appropriate command chain absent such a unit. Not all questions were expected to be answered as some agencies were not be affected by the factors built into the survey. It is believed that the sampling of ten of City and County departments can be extrapolated as common outcomes from most agencies of similar size, structure and demographics. The departments chosen were also determined based on victim and crime surveys as having significant financial crime perpetration as reported by the National White Collar Crime Survey and the Federal Trade Commission.

One of the weaknesses in this survey/research was that it was not able to analyze what occurs with specific investigations once it is taken by prosecutors or, as an extension, the court system. The only influence the prosecutors have on this research is whether police agencies were positively or negatively influenced by a prosecutor in their intake decision making process. The internal and external influences and issues the prosecutors have on their decision making process is for future researchers. Research on the types of offenders is also limited as most available data relates to the types of crimes, not the characteristics of the offender. There are no socioeconomic or occupational indicators of the offender in the data. (Barnett, 2000)

## Results

A total of twenty-three (23) surveys containing nine (9) questions were sent out electronically to Florida agencies with law enforcement investigative missions. Eighteen (18) responded to the survey for a 78.2% return rate. Five (5) were received from state law enforcement agencies, nine (9) were received from County agencies, and four (4) were received from police departments. The survey was intended to capture a sampling of various sized city, state and County agencies that have jurisdiction and missions over long-term financial crime investigations. The sampling included four (4) counties with populations of more than 750,000 residents, four (4) counties with populations more than 150,000 residents and one (1) county which had 55,793 residents. The largest sampled city (Orlando) has a population of 243,195 residents and the remaining three police agencies ranged from approximately 21,000 residents to 50,000 residents. See Appendix A for additional information. All percentages are based on the eighteen (18) respondents.

The respondents were surveyed with five (5) questions related to assigning of resources to long term financial crime investigations. Survey participants were questioned on (1) a range of numbers their agencies assigned to these cases; (2) whether their agencies were on task forces related to this mission; (3) whether their agency's resources increased, decreased or stayed the same over the past year; (4) whether the respondent believed their agency had enough resources for these types of investigations; (5) and, if their agency was willing to place additional resources and time to identify additional victims even if the victim was outside of their jurisdiction.

Every agency, no matter the size, had at least one resource assigned to long term cases. Counties with large populations had at least six (6) full time resources assigned to long term financial investigations while all state agencies have multiple resources assigned as part of their normal missions. The respondents were polled in how their units fared in the past year. 61.1% stated that their resources had remained constant, 16.67% stated they increased and 22.22% stated they had decreased.

When asked their opinion on whether they agreed or disagreed that their agency had enough resources for the amount of serious financial crimes in their area, the same exact responses ratio was returned with 61.1% (11 respondents) stating they disagree, 16.67% (3 respondents) stating they agreed, and 22.22% (4 respondents) stating they neither agreed nor disagreed. The three respondents who believed their agencies had enough resources for these types of investigation showed no specific commonality with representation of one (1) state agency, one (1) large county and one (1) medium size city.

As noted, respondents were asked if their agency was involved in a full time Economic Crime Task Force, and if so, the type and mission; There were fifteen (15) responses (83.3%) of the 18 agencies that did respond to the survey with most to the negative. The positive answers revealed that two were assigned to FBI related economic crime task forces, one on an IRS tax fraud task force, one generally assigned to a task force and one who advised they attend IRS Suspicious Activity Reports (SAR) review team meetings. Active cases are often derived from those meetings.

On the final question related to human resources, agencies were asked if their agency was willing to place additional resources and time to identify additional victims

even if they were outside of your jurisdiction. All eighteen (18) respondents answered the question. Eight (8) or 44% stated they occasionally add additional resources, nine (9) or 50% would frequently add the resources, and one (1) did not know.

Additional questions were polled that related to the (6) types of investigation, types of (7) offenders and (8) victims, and other (9) factors agencies take into consideration when opening an investigation.

Respondents were polled on the types of cases their agency worked in the past three (3) years. All eighteen (18) agencies polled responded to the question. The highlighted crimes included Embezzlement (77.7%), Organized Check Fraud (72.2%), Organized Credit Card Fraud (77.7%), Internet scams (77.7%), Advanced Fee Schemes (72.2%), Telemarketing Fraud (66.6%), Organized Identity Theft (55.5%), Racketeering (16.6%), Pyramid Schemes (44.4%), Insurance Frauds (8%), State Benefit Frauds (27.7%) and Federal Government Frauds (44.4%).

Respondents were polled on for their input on the primary attributes of the victims and perpetrators in their long term financial crime investigations over the last two (2) years. The respondents were provided with a choice of either “always”, “often”, “sometimes”, “rarely” or “never”. Seventeen (17) of those polled (94.4%) responded to some or all of these questions. A breakdown of how many responded to each individual question is provided in Annex A. Highlights of the victim attributes: 56.46% “sometimes” or “often” work cases where the state of Florida is a victim while 46.67% stated they sometimes are often will work cases where the federal government is a victim. 76.47% of the agencies stated their victims tend to be often elderly and 68.25% are sometimes or often disabled/handicapped. 58.74% of the victims are always or often victimized by a perpetrator from another jurisdiction (another 35.29% believed this sometimes occurs). 64.71% of the victims are often considered middle class, 29.41% are often poor, and 29.41% are often wealthy. 58.82% of victims are always or often educated. Agencies reported that 81.25% of the victims are sometimes or often retail corporations (and another 12.5% advised sometimes). Finally, 81.25% stated that their victims were always, often or sometimes financial corporations or banks (and another 12.5% advised sometimes).

Seventeen (17) of eighteen (18) of those polled responded to the question about the characteristics of offenders in their recent investigations. The respondents were provided with a choice of either “always”, “often”, “sometimes”, “rarely” or “never”. 82.6% (14 respondents) stated that their perpetrators were sometimes or often educated; 47.09% (8 respondents) stated that their perpetrators were always or often organized and an additional 41% (7) stated that they were sometimes organized; 47% (8) advised their perpetrators were often in a position of financial trust with the victim and 41.18% (7) advised this was sometimes true; 64.7% (11) stated the perpetrators were always or often multi-jurisdictional offenders with an additional 35.29% (6) in the “sometimes” category. 75% (12) stated that the perpetrators always or often used the Internet to perpetrate their crimes with another 25% (4) stating “sometimes”. 17.65% (3) stated that their perpetrators often traveled to another jurisdiction to commit crimes and another 70.59% (12) stated their perpetrators sometimes traveled to another jurisdiction; and, 70.58% (12 respondents) stated the perpetrators were former perpetrators of other crimes.

Finally, respondents were polled on the significant factors/reasons why their agency/unit accepted, declined or referred an investigation to another agency. Respondents were provided with an opportunity to provide statements. All eighteen (18) responded to the question and many themes were repeated. In no particular order highlights included, the egregiousness of the conduct; the impact or potential impact to Florida citizens, the number of victims, high dollar losses, vulnerability of victims, whether the persons involved in the conduct are licensees or registrants, whether the alleged illegal conduct is on-going; whether the illegal conduct is based in Florida, manpower/ resources was a repetitive theme, statutory, regulatory or jurisdictional authority to be involved, experience in that type of investigation and the complexity of the case, and threshold of losses.

## **Discussion**

There are many influences on police discretion for long term and complex financial crime cases: the influence of the victims, the sophistication of the crime or the perpetrators, jurisdiction, if the crime is ongoing, organized or opportunistic. There are at least three types of financial crime perpetrators that effect society: Organized criminals, Opportunistic criminals, and the White Collar elite criminal.

Financial crimes perpetrated by organized traditional and non-traditional criminal organizations have an identifiable structure and leadership and their criminal activities are typically repeated. They cross-jurisdictional and international boundaries, can be technologically sophisticated, learn and become experts at their craft, often use counter-surveillance techniques against the police, and create structures that insulate the leadership. Relationships among multiple police jurisdictions is critical in identifying and investigating these groups and typically the police work closely with private industry partners who are often the victims. Having prosecutors willing/able to take on the victims from multiple jurisdictions is critical to successfully dismantling these operations.

The second type of financial crime perpetrator used for this research is the opportunistic financial criminal, who may perpetrate a crime and may or may not repeat the behavior. When a crime trend emerges and many perpetrators engage in it, these criminals cause public anxiety and when done in mass they have a significant impact on local jurisdictions and society's well-being as a whole. They may become organized or join with others in a temporary union. The similarity in their crimes may give the false appearance of being organized.

The third type of perpetrator and the one with potentially the most impact on society's well-being is the highly influential socioeconomic white-collar criminal.

Targeted victims for all of these types of criminals may be citizens, corporations, the government or organizations. Police discretion is influenced by multiple victim factors including the jurisdiction they are in, whether they are elderly, young, influential, and others noted later in this paper. Victims may be local businesses or major corporations. Victims can be the government itself, local, state or federal. Victims can also be visitor from foreign countries.

Perpetrators targeted for long term investigations are sophisticated, heavily use the Internet, still use the telephone and the mail system to facilitate their crimes, often

are in financial trust with the victim, may be a former financial crime offender but are more likely to be a violator of other crimes, and use stolen identities more often than fraudulent ones.

The small sample research used in this paper revealed that City and County police departments are paying attention to long term white collar and financial criminals. Of interest is that very few respondents work cases that constitute Racketeering and more local/state/county agencies work federal government benefit frauds than state government benefit frauds. Local agencies recognize the need and put varying levels of resources into these investigations and are willing to attach themselves to federal task forces if necessary. Respondents noted that embezzlements, organized check frauds, organized credit card, telemarketing frauds, internet related scams and advanced fee schemes have been their recent priorities, with a slightly lesser number focused on common fraud schemes, Counterfeit money/related instruments and organized identity theft cases. There are several weaknesses in the format of question number one (1) posed to the respondent which asked for a range of personnel instead of exact numbers.

As noted, all state agencies have resources assigned to monitor and/or investigate long term white collar and other financial crimes. The Florida Department of Law Enforcement (FDLE) has varying amount of resources assigned to this mission to include specifically designated economic crime squads but also may involve their local field office agents, agents assigned to public corruption squads, and additional resources as needed. Agencies such as the FDLE, the Florida Office of the Attorney General, the Florida Office of Financial Regulation, the Office of the Chief Financial Officer/Division of Financial Services, the Division of Alcoholic Beverages and Tobacco and others can identify crime trends (a critical piece of the effort) crossing jurisdictional, state and international boundaries, adapt their resources to emerging crime trends, and add resources and expertise to local law enforcement efforts.

The impact of complex and organized financial crime on police agencies' roles and responsibilities does not have the same amount of research as other police related studies. The primary function of a police department (patrol) is to ensure the safety and security of its constituents and visitors. However, the police cannot sacrifice all of its resources to this function and must ensure that criminal investigations are also a priority. As aforementioned, focusing resources on economic crime has a great societal obligation as well. First, it sends a message to criminals that they cannot operate unreserved in their jurisdiction, it provides resources to victims who have a loss of money or property, and it sends a message to society as a whole that there are consequences to criminal acts.

## Recommendations

The ongoing concern for law enforcement agencies going forward: where to put their resources as more customers (victims) demand their attention and organized and opportunistic frauds become more systemic. Agencies need to continue strengthening partnerships through cooperative initiatives that coordinate resources, expertise and technologies without becoming embedded in long term task force environments. This way, agencies can more rapidly move resources to emerging white collar and financial crime trends. Following the recent financial crisis of later 2007, all levels of the Government were put under pressure to relax regulations and to cut personnel, including investigative and prevention based regulators. Corporations no longer have enough net revenues to ignore the portion of their profits lost to fraud/criminality, more people are turning to economic crime to sustain their former level of living, and crimes are evolving from opportunistic to repeatable. Transnational crime is very pervasive as the world economies have grown, corporations have been mired in ethical dilemmas, and the cumulative effect may have wide ranging impact on society as a whole. Globalization of crime requires acceptance of non-traditional collusion among government, international, private and even military partners” (Miklaucic, Brewer 2013).

When the system of vigilance fails (including preventing crimes before they occur through due diligence) corporations, citizens and even other governmental agencies turn to the police when they have been victimized. With the reduction of local, state and federal resources being applied to prevention, more criminality will potentially take place that puts society at great risk. For instance, the reduction in environmental regulators and inspectors may prompt some businesses to cut corners putting health at risk due to contaminated water, food and illegal dumping. Slowing down the system to allow for more review prior to releasing money to tax fraud and Medical Frauds is a potential tool. Fewer eyes on money service businesses may stimulate more money laundering activities and related crimes that only draw in the attention of police when the problem is already too pervasive to control. Therefore, vigilant regulation/regulators must continue to prevent criminal activities.

These aforementioned issues bring a few highlights to the issue of applying the appropriate amount of resources to apply to complex, long term and organized white collar and financial crimes. It is not practical to identify a level of expectations to be placed on local and state agencies to work complex economic crime cases. There are too many crimes taking place and the resources are limited. Nor is it realistic to place the burden of saving the economy from pervasive criminal activity at the doorstep of your local or state police. However, by analyzing the decision making process and discretion at the disposal of the police, there will be a better understanding of their roles and responsibilities, strengths and limitations. This may dictate where future grant and revenue funding for these resources may need to be applied and where their reduction could have devastating results. And, at the least, not “trivialize” (Pontell, Black 2012) the need for more resources assigned to these crimes.

The Theory drawn from this research:

What begins with elite/White Collar criminal behavior trickles down to the common street criminal and then solicits and creates an opportunistic class of criminal. What begins as localized, specialized criminal activities bleeds across society eventually soliciting the opportunistic criminal and the elite class criminal to join in on the behavior.

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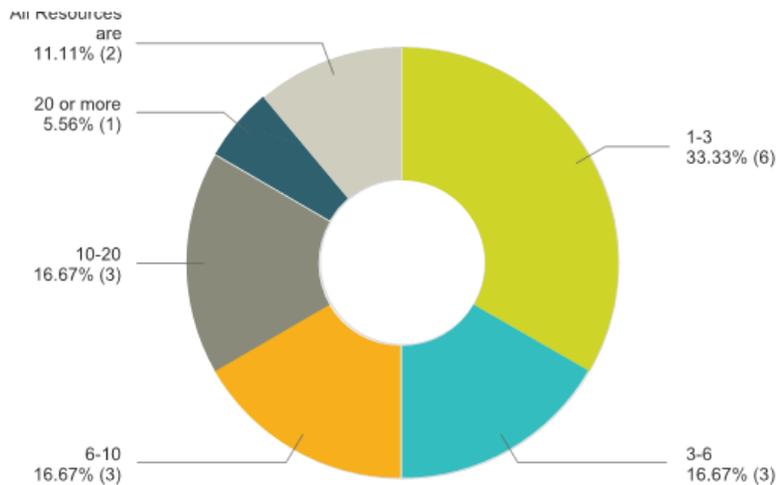
## Appendix A

Full set of questionnaires distributed to the respondents:

Question number one asked: *How many Investigators in your agency are assigned FULL TIME to long term (non-Violent) White Collar/Financial crime investigations ?* Eighteen (18) respondents answered the question. Highlights of the survey: All cities and counties have at least one or more full time investigator assigned to long term financial crime investigations. Miami-Dade County has more than twenty (20) full time white collar crime investigators while other large counties had a maximum of ten (10) full time personnel. All state agencies have investigators who are assigned to long term investigations.

**How many Investigators in your agency are assigned FULL TIME to long term (non-Violent) White Collar/Financial crime investigations ?**

Answered: 18 Skipped: 0



Answer Choices	Responses	
1-3	33.33%	6
3-6	16.67%	3
6-10	16.67%	3
10-20	16.67%	3
20 or more	5.56%	1
All Resources are	11.11%	2
<b>Total</b>		<b>18</b>

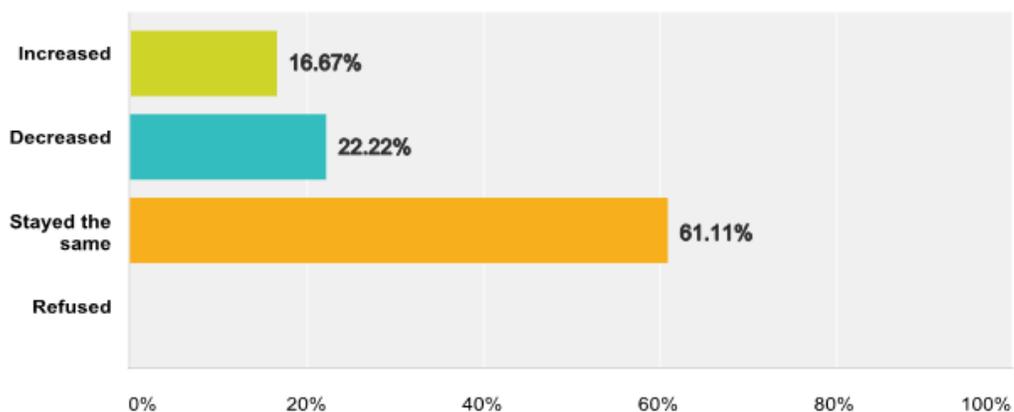
Question number two asked: *Is your Agency involved in a full time Economic Crime Task Force ? (Is so, please describe its intent and mission).* There were fifteen(15) responses with most to the negative. The positive answers revealed that two were assigned to FBI related economic crime task forces, one on an IRS tax fraud task force, one generally assigned to a task force and one who advised they attend IRS Suspicious Activity Reports (SAR) review team meetings. Active cases are often derived from those meetings.

- Not at the moment. Involved in various SAR review teams and financial fraud coordination meetings/groups throughout the state
- Task Force Member
- Yes, to partner with other local agencies in identifying and apprehending those who commit these crimes.
- Yes, one of our 25 year veterans is assigned to the FBI; white collar crime, other details unknown.
- Yes, FBI white collar task force
- IRS Tax Fraud-Investigate tax fraud.

Question number three asked: *Compared to last year, how has your financial crime unit resources fared?* Seventeen (17) responded to the question. Ten (10) agencies reported that their resources stayed constant, while four (4) advised there was an increase and three (3) advised there was a decrease.

### Compared to last year, how has your financial crime unit resources fared?

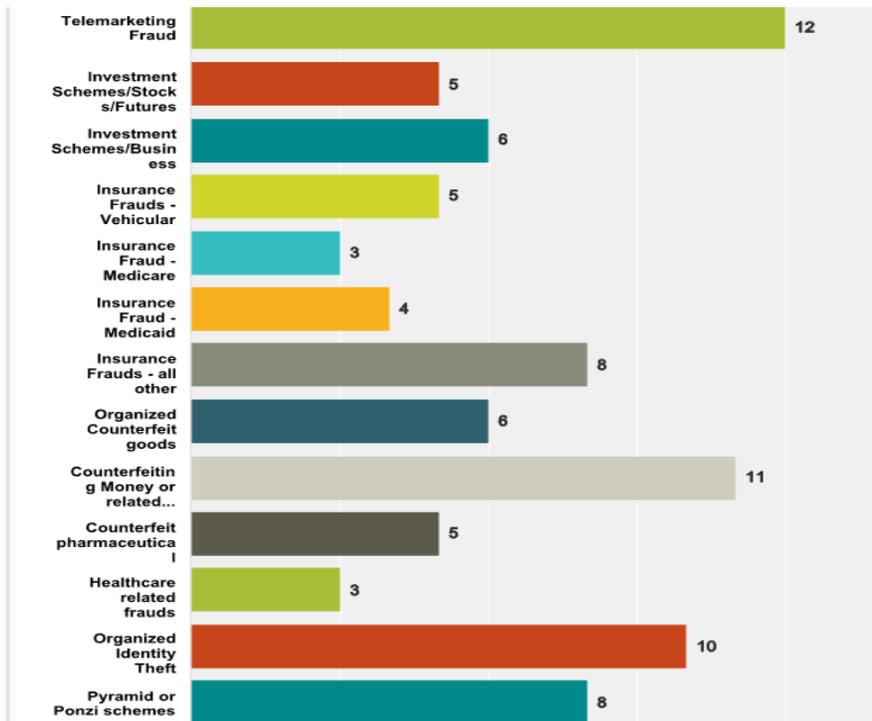
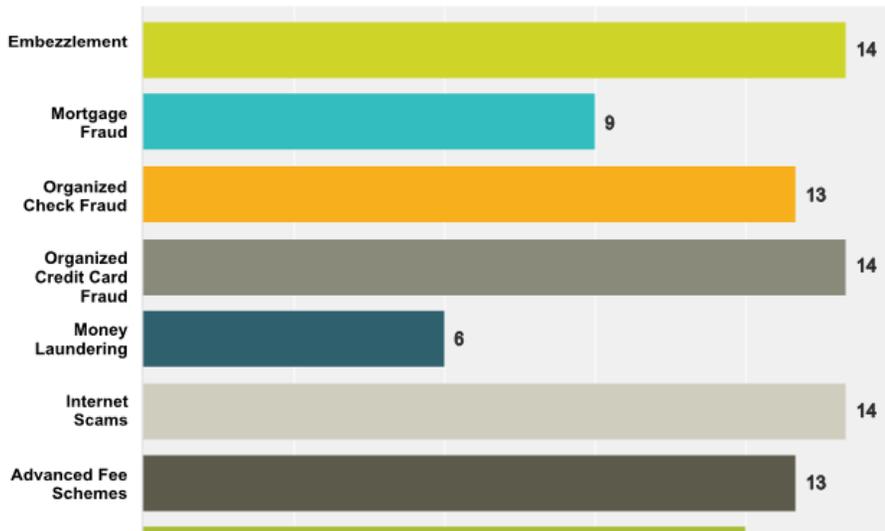
Answered: 18 Skipped: 0

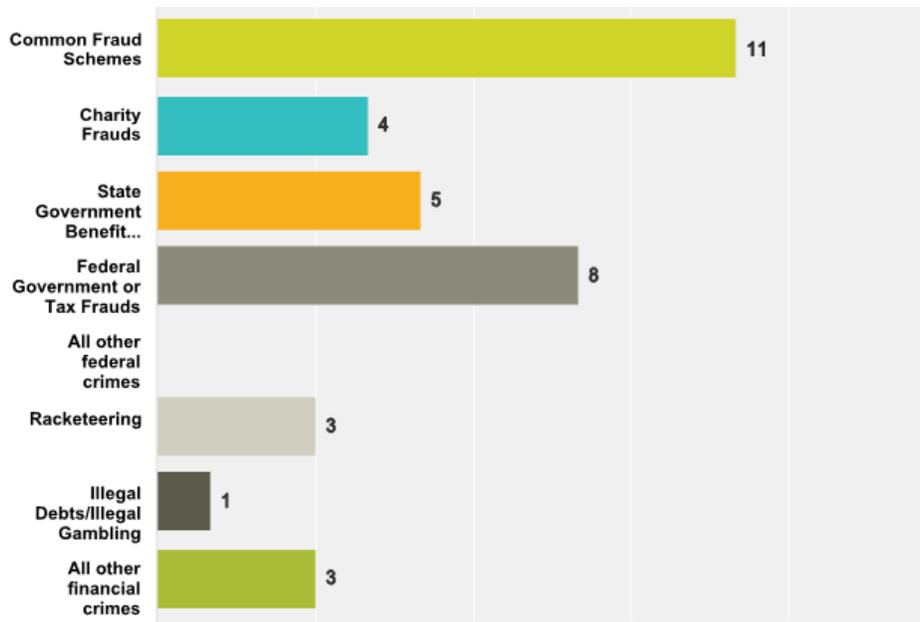


Question number four asked: *What Types of cases has your agency worked in the past three years (check off as many as applicable - can check multiple if your investigation involves more than one of the listed crimes):*

**What Types of cases has your agency worked in the past three years (check off as many as applicable - can check multiple if your investigation involves more than one of the listed crimes):**

Answered: 18 Skipped: 0





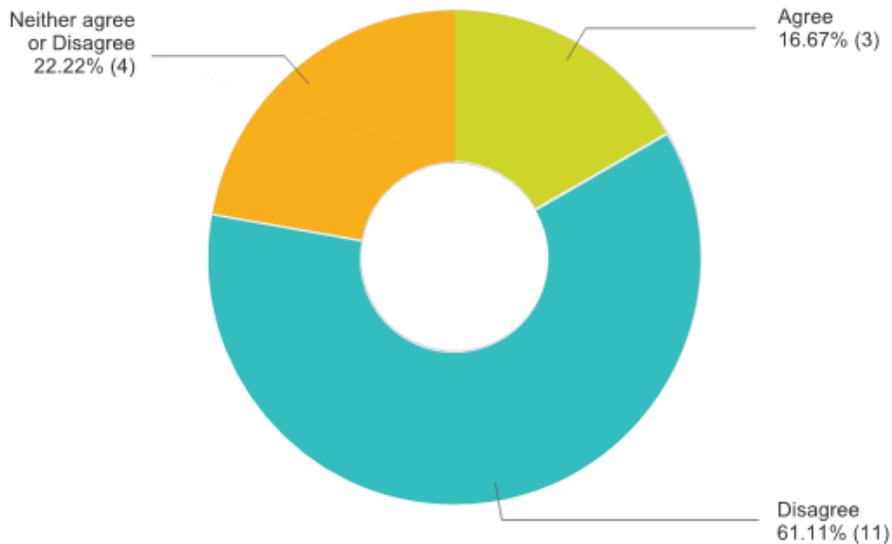
Question number five asked: What are the significant factors/reasons why your agency/unit accepts, declines or refers an investigation to another agency?

- 1) In no particular order: Egregiousness of conduct, including the length of time the conduct occurred and whether recidivists were involved; The impact or potential impact to Florida citizens is significant (e.g. due to the large number of victims, high dollar losses, or vulnerability of victims); Whether the persons involved in the conduct are licensees or registrants of OFR; Whether the alleged illegal conduct is on-going; Whether the illegal conduct is based in Florida. Most of the time it is because it does not fall under our scope of investigation such as tax returns, counterfeit currency, etc. either jurisdictional, or due to a lack of agency resources to properly investigate the crime
- 2) Manpower issues. Lack of resources (analysts)
- 3) Statutory and Regulatory Authority.
- 4) If it is out of our normal abilities or experience we would refer or decline an investigation. We would accept one that was within our experience or realm of responsibility.
- 5) Jurisdiction or resources such as manpower or extensive time needed to investigate.
- 6) In most cases jurisdiction plays a significant part in determining which agency handles an investigation. The only other deciding factor would be if a case were to be exclusively a violation of Federal law.
- 7) We will refer our investigation to other agencies based upon resources and venue.
- 8) Threshold of loss and age of victims.
- 9) Usually referred to another agency due to jurisdiction.
- 10) Financial harm in terms of number of victims and financial loss

- 11) To pursue criminal charges and prosecution
- 12) We accept many cases that we work up for Federal prosecution. In some cases we decline because we have no Federal jurisdiction or authority to investigate (Tax cases mostly), but we always try to start and work the case. We have had great success getting our cases adopted federally in the Middle District. Counterfeit currency cases generally go straight to the USSS in Orlando. We do a lot of telemarketing/advance fee investigations so we work closely with Statewide. Manpower is the BIG issue! We are not sexy like drug investigations or homicide. So we tend to get the smallest manpower allotment but the biggest and most complicated cases (RICO/CCE type).
- 13) Jurisdiction
- 14) Jurisdictions, complexity and nexus to federal laws

Question number 6 asked: Do you agree, disagree or other with the following statement: My agency has enough resources for the amount of serious financial crime cases in my area?

Eighteen (18) responded to the question.



Question 7 asked: What are some of the PRIMARY attributes of the VICTIM(s) in your long term financial crime investigations (last two years)

Seventeen (17) answered and One (1) skipped the question.

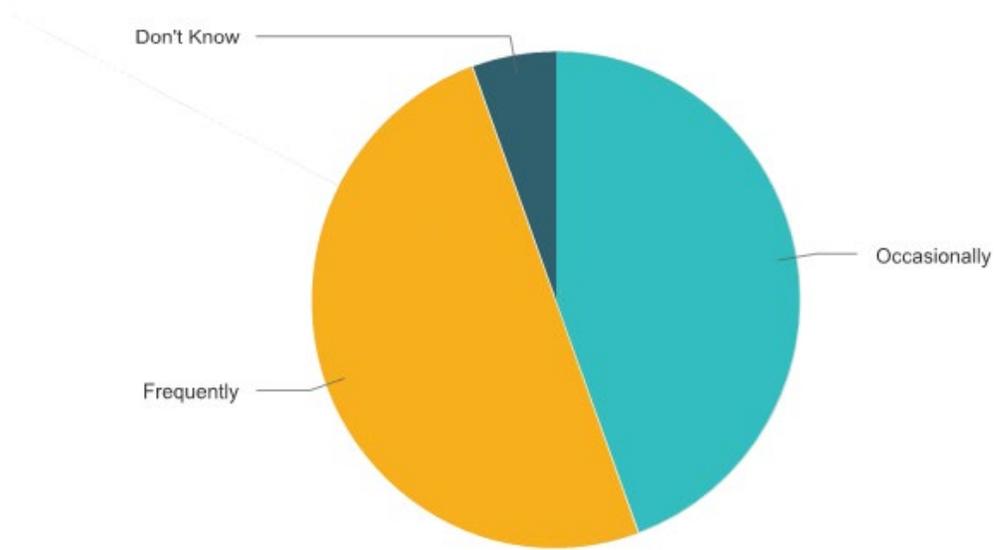
	Always	Often	Sometimes	Rarely	Never	Total
<b>Educated</b>	<b>5.88%</b>	<b>52.94%</b>	<b>35.29%</b>	<b>5.88%</b>	<b>0%</b>	
<b>Wealthy</b>	<b>0%</b>	<b>29.41%</b>	<b>64.71%</b>	<b>5.88%</b>	<b>0%</b>	
<b>Poor</b>	<b>0%</b>	<b>29.41%</b>	<b>41.18%</b>	<b>29.41%</b>	<b>0%</b>	
<b>Middle Class</b>	<b>0%</b>	<b>64.71%</b>	<b>35.29%</b>	<b>0%</b>	<b>0%</b>	
<b>Victimized by perpetrator who</b>	<b>5.88%</b>	<b>52.94%</b>	<b>35.29%</b>	<b>5.88%</b>	<b>0%</b>	
<b>Lives in your jurisdiction</b>	<b>5.88%</b>	<b>29.41%</b>	<b>58.82%</b>	<b>5.88%</b>	<b>0%</b>	
<b>Lives outside of your</b>	<b>0%</b>	<b>5.88%</b>	<b>70.59%</b>	<b>17.65%</b>	<b>5.88%</b>	
<b>Lives outside of your</b>	<b>5.88%</b>	<b>23.53%</b>	<b>52.94%</b>	<b>17.65%</b>	<b>0%</b>	
<b>Corporation - Retail</b>	<b>0%</b>	<b>31.25%</b>	<b>50%</b>	<b>12.50%</b>	<b>6.25%</b>	
<b>Corporation - Financial/Banking</b>	<b>6.25%</b>	<b>31.25%</b>	<b>43.75%</b>	<b>12.50%</b>	<b>6.25%</b>	
<b>Corporation - other</b>	<b>0%</b>	<b>6.67%</b>	<b>46.67%</b>	<b>46.67%</b>	<b>0%</b>	
<b>Government - local</b>	<b>0%</b>	<b>20%</b>	<b>26.67%</b>	<b>33.33%</b>	<b>20%</b>	
<b>Government - state</b>	<b>0%</b>	<b>21.43%</b>	<b>35.71%</b>	<b>21.43%</b>	<b>21.43%</b>	
<b>Government - federal</b>	<b>0%</b>	<b>20%</b>	<b>26.67%</b>	<b>40%</b>	<b>13.33%</b>	
<b>Government - regulatory agency</b>	<b>0%</b>	<b>0%</b>	<b>38.46%</b>	<b>38.46%</b>	<b>23.08%</b>	
<b>Government - Healthcare</b>	<b>0%</b>	<b>7.69%</b>	<b>23.08%</b>	<b>46.15%</b>	<b>23.08%</b>	
<b>Elderly</b>	<b>0%</b>	<b>76.47%</b>	<b>11.76%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Disabled/Handicapped</b>	<b>0%</b>	<b>37.50%</b>	<b>31.25%</b>	<b>31.25%</b>	<b>0%</b>	
<b>Private Healthcare</b>	<b>0%</b>	<b>0%</b>	<b>33.33%</b>	<b>53.33%</b>	<b>13.33%</b>	

Question 8: Provide description of the financial crime PERPETRATOR(s) in your investigations in last three years:

	Always	Often	Sometimes	Rarely	Never	Total
<b>Educated</b>	<b>0%</b>	<b>17.65%</b>	<b>64.71%</b>	<b>17.65%</b>	<b>0%</b>	
<b>Organized</b>	<b>11.76%</b>	<b>35.29%</b>	<b>41.18%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Related to the victim</b>	<b>0%</b>	<b>5.88%</b>	<b>70.59%</b>	<b>17.65%</b>	<b>5.88%</b>	
<b>in position of financial</b>	<b>0%</b>	<b>47.06%</b>	<b>41.18%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Conducts sophisticated</b>	<b>0%</b>	<b>35.29%</b>	<b>58.82%</b>	<b>5.88%</b>	<b>0%</b>	
<b>Single jurisdiction</b>	<b>0%</b>	<b>11.76%</b>	<b>47.06%</b>	<b>35.29%</b>	<b>5.88%</b>	
<b>Multi-jurisdictional</b>	<b>11.76%</b>	<b>52.94%</b>	<b>35.29%</b>	<b>0%</b>	<b>0%</b>	
<b>Physically travels to</b>	<b>0%</b>	<b>17.65%</b>	<b>70.59%</b>	<b>5.88%</b>	<b>5.88%</b>	
<b>Used Internet to</b>	<b>6.25%</b>	<b>68.75%</b>	<b>25%</b>	<b>0%</b>	<b>0%</b>	
<b>Used mail to perpetrate</b>	<b>5.88%</b>	<b>35.29%</b>	<b>41.18%</b>	<b>17.65%</b>	<b>0%</b>	
<b>Used telephone to</b>	<b>5.88%</b>	<b>58.82%</b>	<b>23.53%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Former financial crime</b>	<b>6.25%</b>	<b>43.75%</b>	<b>37.50%</b>	<b>12.50%</b>	<b>0%</b>	
<b>Former other crime</b>	<b>11.76%</b>	<b>58.82%</b>	<b>17.65%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Used fraudulent identity</b>	<b>0%</b>	<b>70.59%</b>	<b>11.76%</b>	<b>17.65%</b>	<b>0%</b>	
<b>Used stolen identity</b>	<b>5.88%</b>	<b>52.94%</b>	<b>29.41%</b>	<b>11.76%</b>	<b>0%</b>	
<b>Purposely targeted</b>	<b>0%</b>	<b>52.94%</b>	<b>41.18%</b>	<b>5.88%</b>	<b>0%</b>	

Question 9: Please choose your strongest answer: After the initial report from victim is received, your agency is willing to place additional resources and time to identify additional victims even if they are outside of your jurisdiction.

Eighteen (18) responded to the question



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<b>Never</b>	<b>0%</b>
<b>Occasionally</b>	<b>44.44%</b>
<b>Frequently</b>	<b>50%</b>
<b>Always</b>	<b>0%</b>
<b>Don't Know</b>	<b>5.56%</b>
<b>Don't Know/Refused</b>	<b>0%</b>
<b>Total</b>	<b>1</b>