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Approaches to empirical study of convenience theory for white-collar crime

Petter Gottschalk
BI Norwegian Business School
Nydalsveien 37
0484 Oslo
Norway
petter.gottschalk@kruttforlag.no
+4792011837

ABSTRACT

Convenience theory suggests that members of the elite in society commit financial crime in their professional roles when alternative actions require too much effort. Convenience is a relative concept where white-collar crime is chosen over legitimate actions when there is a strong economical motive, ample organizational opportunities, and acceptance of deviant behavior. To study convenience theory, four investigations are presented in this article: statistical sample of white-collar criminals, autobiographies by white-collar criminals, internal investigations of white-collar crime, and student elicitation on white-collar crime. The strongest relationship within convenience theory seems to be the effect from willingness to commit crime based on deviant behavior on organizational opportunity to commit white-collar crime.

Keywords: white-collar crime, convenience, organizational opportunity, deviant behavior.

BIOGRAPHY

Petter Gottschalk is professor in the department of leadership and organizational behavior at BI Norwegian Business School in Oslo, Norway. He has been chief executive officer at several companies. He is educated in Germany, the United States and the United Kingdom. Dr. Gottschalk has published extensively on fraud examinations, police investigations, knowledge management, white-collar crime and convenience theory.

Approaches to empirical study of convenience theory for white-collar crime

INTRODUCTION

This article presents a number of studies to empirically test and validate convenience theory. Colquitt and Zapata-Phelan (2007) define theory testing as the application of existing theory in an empirical study as a means of grounding a specific set of a priori hypothesis. Existing theory is used to formulate hypotheses before testing those hypotheses with observations.

Data are then gathered to explicitly test theories.

The test of convenience theory is concentrated on establishing the validity of the theory's core propositions. However, we describe the current research as an empirical study of convenience theory, rather than an empirical test of convenience theory. Ideally, testing convenience theory as an explanation of white-collar crime would imply empirical evidence from convicted white-collar criminals, which is hard – if not impossible to obtain. Therefore, this is not empirical theory testing, only theory testing by evidence.

Ever since Sutherland (1939) coined the term white-collar crime, researchers have struggled to understand and explain why some members of the elite in society abuse their privileged positions and trust from others to commit financial crime. Among the explanations we find opportunity and greed, lack of self-control and neutralization of guilt. In this article, we build on the concept of convenience to explain white-collar crime occurrence.

This article presents research on convenience theory, which suggests that there are three dimensions that cause white-collar crime: financial desire, organizational opportunity, and deviant behavior. These three dimensions influence each other, and a set of six relationships between the three dimensions are explored in this article.

Convenience theory suggests that financial crime is a convenient option for top executives and others in the elite in society when there are major challenges or great possibilities for personal or organizational profits (Gottschalk 2017a). Rather than giving up on a contract in a corrupt country, a bribe may be a convenient option to get the contract anyway. Rather than going bankrupt, bank fraud may be a convenient option to try to save the business (Gottschalk and Tcherni-Buzzeo 2016). Rather than giving up the desire to own a house in a rich neighborhood, embezzlement at work may be a convenient option to realize the dream. Based on previous research published in *Deviant Behavior* (Gottschalk 2017a, 2017b; Gottschalk and Tcherni-Buzzeo 2016), this article adds empirical studies of convenience theory with the purpose of explaining white-collar crime.

WHITE-COLLAR CRIME

When Sutherland (1939) coined the term white-collar crime, only a small percentage of the working population had white-collar positions. Sutherland made an important point that upper-class people commit crime in the course of their professions, and sometimes manipulate and cheat for vast amounts. Since Sutherland coined the term, white-collar workers are now a majority of the labor force. That is why the term has an added attribute of elite, where the offender belongs to the elite to be classified as a white-collar criminal. The elite enjoy privileges and special access to commit financial crime.

Given this definition, a number of situations fall outside the white-collar crime category. Examples include auto mechanics who charge for services not rendered, industrial workers who steal at the plant, or restaurant workers who scam the customers or owners. Furthermore, neither computer-enabled financial crime such as CEO fraud nor social security fraud belongs in the category of white-collar crime.

White-collar crime implies elite crime by skilled offenders, often involving vast amounts of money (Felson and Boba 2017). Crime cases involving small amounts by employees using rather simple methods without special access are not defined as white-collar crime. Although high-level white-collar offenses can do dramatic damage, those are the exceptions rather than the rule in the area of financial crime. Most organizational and occupational occurrences of financial crime are rather unskilled, easily accomplished, and modest in economic return. Such offenders without any elite status are not really that clever, and they are more frequently caught. They commit ordinary thefts or other abuses while they believe nobody is looking. White-collar crime is not necessarily fancy and advanced. It may as well be simple and unskilled. What makes it exceptional is the special access to opportunities that others do not enjoy. Based on position, profession, trust, access, loyalty from others, power and influence, offenders can conveniently commit crime and hide it among legal activities. The tactics used by offenders may be extremely diverse. It makes sense to continue using white-collar as the defining feature.

Felson and Boba (2017) argue that white-collar crime fits within the larger system of criminal behavior, and that the systems are structured by how the offender gets to the target of crime. Typically, the offender abuses his or her specialized organizational role to gain information and access to victims. For example, an attorney may steal money from a trust fund administered for an elderly wealthy widow, a contractor fakes an insurance claim, or a building inspector receives bribes in return for building permits. In each example, somebody uses an occupational or professional role to gain specialized access to the victim, and then commits a crime.

We define a type of crime by the people who might do more of it, and who are in a position where the situation enables them to do more of it. Felson and Boba (2017) prefer the term crime of specialized access for white-collar crime. Such criminal acts are defined by one key

element: abusing one's job or profession to gain specific access to a crime target. Routine legal activities set the stage for illegal activities. Legitimate features of the work role – often including personal ties and privileges – provide a chance to do misdeeds.

Victims of white-collar crime are diverse. In our database of 405 convicted white-collar criminals in Norway from 2009 to 2015, this is the distribution of victims:

- 115 offenders caused harm to their employers by embezzlements, bribes, fake invoices, etc.
- 84 offenders caused harm to society by tax evasion
- 68 offenders caused harm to customers of the firm by overcharging services, embezzlement of collected funds, etc.
- 57 offenders committed bank fraud by false property statements, fake contracts, stolen identities, etc.
- 30 offenders committed insider trading harming other shareholders
- 51 offenders caused harm to other persons or organizations

CONVENIENCE THEORY

Convenience theory as an explanation for white-collar crime suggests that offenders are attracted by convenience in three dimensions (Gottschalk 2017a, 2017b). First in the economical dimension, offenders are attracted by crime as a convenient way of satisfying desires for personal and organizational profits. For some offenders, it is all about the American dream (Trahan et al. 2005). Second in the organizational dimension, offenders are attracted by organizational opportunities for financial crime in a setting where offenders enjoy professional access and trust by others. Finally in the behavioral dimension, offenders perceive their own deviant behaviors as unproblematic and justified (O'Connor 1984).

Convenience is a term often applied in studies of consumer behavior. Convenience theory adds something important to our understanding because it:

- a. Disaggregates the components of a consumer's decisions about services and similarly disaggregates the dimensions of a white-collar criminal's decisions about deviant behavior
- b. Explains why illegitimate actions may be chosen at the detriment of legitimate actions
- c. Provides a way to think about why organizations might not do anything about being an arena for crime.

The key components of convenience theory are similar to Felson and Boba's (2017) problem triangle analysis in routine activity theory. Routine activity theory suggests three conditions for crime to occur: a motivated offender, an opportunity in terms of a suitable target, and the absence of a capable or moral guardian. The existence or absence of a likely guardian represents an inhibitor or facilitator for crime. The premise of routine activity theory is that crime is to a minor extent affected by social causes such as poverty, inequality and unemployment. Motivated offenders are individuals who are not only capable of committing criminal activity, but are willing to do so. Suitable targets can be something that are seen by offenders as particularly attractive.

When introducing routine activity theory, Cohen and Felson (1979) concentrated upon the circumstances in which offenders carry out predatory criminal acts. Most criminal acts require convergence in space and time of (1) likely offenders, (2) suitable targets, and (3) the absence of capable guardians against crime. The lack of any of these elements is sufficient to prevent the successful completion of a crime. Though guardianship is implicit in everyday life, it usually is invisible by the absence of violations and is therefore easy to overlook. Guardians are not only protective tools, weapons and skills, but also mental models in the minds of potential offenders that stimulate self-control to avoid criminal acts.

When compared to convenience theory, routine activity theory's three conditions do not cover all three dimensions. The likely offenders can be found in the behavioral dimension, while both suitable targets and absence of capable guardians can be found in the organizational dimension. While routine activity theory defines conditions for crime to occur, convenience theory defines situations where crime occurs. White-collar crime only occurs when there is a financial motive in the economical dimension.

Another traditional theory is worthwhile to compare to convenience theory. Fraud theory with the fraud triangle suggests three conditions for fraud (Cressey 1972): (1) incentives and pressures, (2) opportunities, and (3) attitudes and rationalization. Incentives and pressures belong in the economical dimension; opportunities belong in the organizational dimension; while attitudes and rationalization belong in the behavioral dimension. As such, the fraud triangle covers all dimensions of convenience theory. However, at the core of convenience theory is convenience in all three dimensions as well as opportunity found in the organizational setting based on professional role and trust by others. Furthermore, convenience theory emphasizes the relative importance of convenience, where offenders have alternative legitimate actions available to respond to incentives and pressures, but they choose illegitimate actions since these actions are considered more convenient.

Convenience theory relates to Clarke's (1999) hot products, where he studied the targets of theft. He found that hot products include residential burglary, theft from cars, theft of cars, commercial vehicle theft and shoplifting. Hot products are target for crime.

Convenience orientation is conceptualized as the value that individuals and organizations place on actions with inherent characteristics of saving time and effort. Convenience orientation can be considered a value-like construct that influences behavior and decision-making. Mai and Olsen (2016) measured convenience orientation in terms of a desire to spend as little time as possible on the task, in terms of an attitude that the less effort needed the

better, as well as in terms of a consideration that it is a waste of time to spend a long time on the task. Convenience orientation toward illegal actions increases as negative attitudes towards legal actions increase. The basic elements in convenience orientation are the executive attitudes toward the saving of time, effort and discomfort in the planning, action and achievement of goals. Generally, convenience orientation is the degree to which an executive is inclined to save time and effort to reach goals. Convenience orientation refers to person's general preference for convenient maneuvers. A convenience-oriented person is one who seeks to accomplish a task in the shortest time with the least expenditure of human energy.

STATISTICAL SAMPLE OF WHITE-COLLAR CRIMINALS

We registered and conducted research on white-collar criminals convicted to prison in Norway from 2009 to 2015. A total of 405 offenders can be found in his database, where the average age is 44 years old, and the average prison sentence is 2 years and 4 months. Consistent with the economical dimension in convenience theory, all 405 white-collar criminals had profit as a motive for their crime. This was evident from newspaper reports and court documents.

Consistent with the organizational dimension of convenience theory, all 405 white-collar criminals were professionals who occupied trusted positions in enterprises and other kinds of organizations in the private and public sector. A professional is a person who earns his or her living from a specified activity. Examples include procurement managers, financial executives, and property developers. Some white-collar criminals are only loosely connected to the organization as, for example, board members and investors. Some white-collar criminals are self-employed in their own small firms. What they all have in common is that

they commit financial crime as an activity in their profession and position associated with a private or public business.

In the database, organizational size is registered both in terms of turnover and in terms of employees. The average business where white-collar crime occurred had an annual turnover of 322 million Norwegian kroner (about 50 million US dollars) and 288 persons employed. The organizational dimension of convenience theory emphasizes that white-collar criminals have extensive freedom without control to carry out transactions of illegal character that are easily disguised among legal transactions. A sign of freedom and independence is the title of the position occupied. Lawyers, CEOs, CFOs and chairpersons are typical examples. In their professional capacities, these individuals have considerable power and influence that they can abuse.

Also persons further down the hierarchy have substantial power, influence, independence and freedom, but in limited areas of the business. For example, a property developer or a chief information officer (CIO) enjoys freedom in selecting suppliers of maintenance services and computer equipment to the organization. In their positions, they can easily select vendors that return personal favors without anyone approving or noticing. Another example are finance executives, who handle company bank accounts and simply can transfer money to unauthorized accounts, such as accounts owned by relatives and friends.

Convenience theory emphasizes that crime committed on behalf of the business makes it particularly evident that there is an organizational connection. When a sales manager bribes a customer, it is mainly to achieve sales that probably otherwise would not take place. When the accounting manager manipulates traffic numbers in deserted areas, it is mainly to enable the shipping company to receive more government subsidies for the line. When the CFO manipulates sales figures, it is mainly to reduce company payments of value added tax to the government.

#	Neutralization Technique	Yes/No	Explanation
1	Rejects responsibility for the crime and disclaims leadership role in the action.	Yes	He blames others and says he only tried to help some friends. "It is not my responsibility" (Bjørndal and Kleppe 2013).
2	Denies injury from the crime and refuses that harm has occurred.	No	There is no sign of this neutralization technique.
3	Dismisses victims of the crime and rejects that anyone has suffered harm.	No	There is no sign of this neutralization technique. However, he seems to consider himself as the main victim of the crime. "I have let myself be used by others" (Bjørndal and Kleppe 2013).
4	Condemns the condemners and is skeptical of those who criticize his action.	Yes	He feels that he has been a victim of a witch-hunt by Økokrim for more than ten years, and he condemns investigators and prosecutors at Økokrim. "I choose to call the whole process for a witch hunt" (Hultgren 2012). "People say it is the crock that cheated all the old people" (Kleppe 2015).
5	Invokes appeal to higher loyalties as a reason for his action.	Yes	He had to do it for his friends and acquaintances. "I have helped friends and acquaintances" (NTB 2015).
6	Alleges normality of action and argues that action is quite common.	Yes	"When someone hears the word 'straw man', it sounds scary, but to me it is like an assistant" (Meldalen 2015).
7	Claims entitlement to action because of the situation.	No	There is no sign of this neutralization technique.
8	Notes legal mistake and considers infringement irrelevant because of error in the law.	Yes	"In my head it is not illegal to do business with others" (Kleppe 2015).
9	Feels entitled to make mistakes and argues action is within acceptable mistake quota.	Yes	Since he once was a police informant, he feels entitled to do business his own way. "I was shot at work for Oslo police" (Dahle 2011).
10	Presents dilemma tradeoff by weighting various concerns	No	There is no sign of this neutralization technique.

	with conclusion of committing the act.		
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Table 1 Neutralization techniques applied by white-collar criminal Christer Tromsdal

Out of 405 white-collar criminals, 68 persons (17 %) committed financial crime on behalf of the business. The remaining 83 percent did it to enrich themselves. Those who committed corporate crime, were on average 53 years old, committed crime for 131 million Norwegian kroner (about \$20 million), and were connected to organizations with 769 employees on average. Those who committed occupational crime were on average 48 years old, committed crime for 27 million and were linked to organizations with 104 employees. The tendency is that corporate crime is committed in larger organizations when compared to occupational crime.

Consistent with the behavioral dimension of convenience theory, most white-collar criminals in the database apply neutralization techniques. An example of frequent media appearance is Christer Tromsdal. He is convicted several times for white-collar crime, and his latest sentence of 6 years in prison is from 2015. Table 1 shows neutralization techniques applied by Tromsdal, as they appear in numerous media reports and court documents in the most recent decade. ‘Yes’ means that Tromsdal applies this neutralization technique, while ‘No’ means that there is no sign of this neutralization technique in the many interviews in the media with Tromsdal (Oslo district court 2015).

It would be interesting to see analysis of more statistical samples in future research to cover convenience theory beyond techniques of neutralization.

AUTOBIOGRAPHIES BY WHITE-COLLAR CRIMINALS

Examples of white-collar criminals who have written books about their own sentences are Bogen (2008), Eriksen (2010) and Fosse (2004) in Norway. A quote from Bogen's (2008: 271) book can illustrate some of his neutralization by denial of responsibility:

I was never informed or updated of what was recognized, and what was restored, but as CEO I knew of course that we had this practice. In court, it emerged that many of the agreements Økokrim (the prosecutor) claimed I should be judged for, were reversed by the firm's finance department. The accounting executive confirmed then also during her witness statement in court that she had reversed the accounting entries under "agreements at work", without this being conferred with me. She, like the auditor, also confirmed that she had very little direct contact with me in these questions. She dealt with many project managers in the company.

An autobiography is a written account of the life of a person written by that person. It is a story that the person wrote about himself. We searched for quotes in his book that seem to resemble attitudes recognized by neutralization techniques. We found varying degrees of supportive statements for the various neutralization techniques.

Autobiographies by white-collar criminals can be found in other countries as well. In the United States, former police commissioner in New York, Bernard B. Kerik, published his autobiography, where there is evidence of denial of responsibility, condemnation of condemners, and claim for normality of action (Kerik 2015).

Kerik sets the neutralization stage already in the introduction chapter of his book by statements such as presenting himself as a victim ("The system beats you down in a way that remains" and "It's about how shortsighted, inefficient, and cruel our criminal justice system is"). He stresses his performance for the nation ("I saved my wounded partner in a gun battle" and "seized tons of cocaine and millions of dollars from the Cali cartel"). He does only take

on responsibility for the consequences of his actions (“I am accountable and responsible for how my life has turned out”).

Throughout the 288-page book, we find the following supporting quotes for the various neutralization techniques:

1. *Denial of responsibility*. “My accountants made mistakes” (page 11). “I had called my accountant and told him that I wanted to pay the payroll tax” (page 153). “I let him” pay the renovation bill for me (page 157).
2. *Denial of injury*. There is no sign of this neutralization technique, while at the same time there is no confirmation of injury in the book.
3. *Denial of victim*. There is no sign of this neutralization technique, while at the same time there is no confirmation of victim in the book.
4. *Condemnation of the condemners*. “Accusing me of having connections to organized crime” and “I thought were downright preposterous” (page 149). “If this is how the members of the House and Senate want to apply their scrutiny, then more than half of them should step down and go find another job, because they certainly wouldn’t make it through the process intact”(page 151). “Prosecutors too often overcriminalize, overreach, and overpunish” (page 195). Kerik goes on condemning government prosecutors: “They can distort and exaggerate their justifications to lock up your property, bank accounts, and other assets. They can drain you and your family of everything you’ve ever worked for; rip you in the court of public opinion; destroy your family’s financial future; and do everything in their power to prevent you from being able to pay for your defense” (page 232). On page 239, Kerik develops a conspiracy theory involving a number of powerful people named in the book, suggesting that they all took part in “continually bashing Giuliani and me in the press”. The conspiracy theory centers on him as a republican versus others who were

democrats. “Was it general political ill will, or were these men boosting their careers on my conviction?” (page 240).

5. *Appeal to higher loyalties*. There is no sign of this neutralization technique related to his crime. However, there is a strong message about his loyalty to the nation in serving his country.
6. *Normality of action*. “The indictment criminalized minor ethical issues and accounting errors” (page 194). “I understand that ‘But everybody’s doing it’ is rarely a winning argument – even if it is in large part true” (page 201).
7. *Claim to entitlement*. Kerik claims a very stressful work situation for many years.
8. *Legal mistake*. “I was prosecuted criminally for what are essentially civil violations” (page 12). “Everything I was charged with – tax fraud; false statements – could have been handled ethically or civilly, without criminal charges” (page 241). “There are tens of thousands of nonviolent, first-time, white-collar offenders and drug offenders in prison today serving draconian sentences, individuals who could have been punished with alternatives to incarceration, such as fines and restitution, home confinement or house arrest, and community service” (page 243). “I do believe that a fair, objective look reveals my case and prosecution to have been selective and political. I don’t feel that it was justice” (page 270).
9. *Acceptable mistake*. “Feds were taking honest mistakes by me and my accountants and alleging they were crimes” (page 194).
10. *Dilemma tradeoff*. “This was one of those ethical moments that any person in public office faces repeatedly”, about not stopping the extra renovation work paid by others (page 157).

11. *Victim of crime*. “They would subpoena and harass my friends, family, colleagues, and just about everyone I knew” (page 156). “Investigators ripped my life to shreds, harassing and intimidating my friends, family, and colleagues” (page 158).

12. *Role in society*. “I had defended, worked, fought, and nearly died for our country many times in the past thirty years and was now being jailed” (page 201).

We find support for ten out of twelve neutralization techniques in Kerik’s book. It is interesting to note that we only find support for three out of five of the original neutralization techniques developed by Sykes and Matza (1957). This could mean that Sykes and Matza had mainly had violent street crime in mind when they developed their neutralization theory.

Kerik served mainly in public service. His book illustrates his dedication to work for his country, and the final sentence in his book is; “But I still believe in this great country of ours, and I am still searching and fighting for justice” (page 284).

Kerik is dedicated to public service. A theory relevant to shed light on his dedication is public service motivation theory. This theory seeks to explain why individuals choose public service or private service, given the perceived disparities in pay scale, advancement opportunities, and overall work environment (Kjeldsen and Jacobsen 2013; Perry et al. 2010). The theory suggests that some individuals work in the public sector based on their values. They have a desire to contribute to the well-being of society in general through their work (Nalbandian and Edwards 1983). The concept of public service motivation is a theorized attribute of government employees that provides them with a desire to serve the public (Perry and Wise 1990).

Kerik’s (2015) book indicates a strong public service motivation by these characteristics. Now, after his rise and fall, he makes the case for reform and calls for wholesale change that will make America “smart on crime” and forestall what he calls “the erosion of the very fabric of our nation”. While his book details the fall from grace through the criminal justice system,

it also offers a perspective on the American penal system as he details life on the inside with the experience of an acclaimed correction commissioner from the outside. He takes readers deep into what he calls the “wasteland”, where inmates are warehoused and treated like animals, abused by those with power and authority, and deprived not only of their freedom but also of respect and basic human dignity. He expresses public service motivation by not mainly complaining about his own treatment, but focusing on those around him in prison. Kerik emphasizes his social concern. A theory relevant to shed light on his dedication is social concern and crime theory suggested by Agnew (2014). Social concern involves an inclination that can lead people to pay more attention to others than to their own interests. It is the opposite of self-interest as motivation for behavior. Most people Kerik presents in his book are his social concern.

This case of Kerik above has studied neutralization theory in terms of neutralization techniques applied by a white-collar criminal. We found evidence of ten out of twelve neutralization techniques applied by Kerik (2015) in his book. He strongly condemns his condemners, he denies responsibility, he claims normality of action, and he argues that prosecutors charged him criminally for what are essentially civil violations.

Autobiographies and memoirs seem to be a suitable source of secondary material to study neutralization techniques applied by criminals. It would be interesting to see analysis of more autobiographies and memoirs in future research to cover convenience theory beyond neutralization, public service motivation, and social concern.

INTERNAL INVESTIGATIONS OF WHITE-COLLAR CRIME

Reports of investigations by fraud examiners are typically written at the final stage of private investigations. Reports are handed over to clients who pay for the work. Reports are seldom disclosed, so that the public never learn about them. Reports are often protected by the

attorney-client privilege, when investigating firms are law firms. Therefore, it is quite a challenge to identify and obtain a sample of investigation reports to empirically evaluate and test convenience in white-collar crime. It is not easy to get access to private investigation reports for research.

We have documented findings from a sample of reports acquired in the United States as well as a sample of reports acquired in Norway. Well-known examples in the United States of economical convenience include Kenneth Lay and Jeffrey Skilling at Enron. Examples in the United States of organizational convenience include Yusuf Acar at the chief technology office and Henriette Walters at the tax and revenue office, both in Washington D.C.

The Acar fraud involved a series of loosely-related fraudulent schemes over the course of a three-and-a-half-year span from September 2005 to March 2009. While none of these schemes were particularly complex according to fraud examiners Sidley (2010), they all escaped detection and would likely have remained undiscovered but for the cooperation of an informant. Over time, these schemes grew more brazen, reflecting Acar's growing confidence that there were no mechanisms in place to detect their fraud. The initial plan was a basic corruption scheme with kickbacks from Sushil Bansal. Bansal's company, AITC, had been awarded a contract to provide temporary contractors in the security division. Bansal had tendered a number of candidates, but Acar and his co-workers had rejected them as unqualified. Yusuf Acar had ample organizational opportunity to commit convenient white-collar crime:

- He was in charge of hiring consultants to the security division
- He was in charge of buying software licenses
- He was able to monitor emails by others

OCTO had 231 full-time employees and employed 267 contractors, most of whom were full-time. OCTO had a longstanding contractor culture where contractors draw a salary from a third party vendor that contracts with the District government. Contractors played a key role in managing numerous, simultaneous, one-time modernization projects.

Some quotes from the internal investigation report by Sidley (2010) illustrate convenience in the organizational dimension:

- “Acar told us that the genesis of the first kickback was a 2005 contract for forensics engineers in the security division. Acar was going to supervise these engineers, and he was among the OCTO employees with input on the hiring decisions” (page 22).
- “Acar would manipulate the requirements listed in the procurement requests to direct hiring decisions towards Bansal’s candidates” (page 23).
- “Acar and Bansal concocted a plan whereby bills for individuals who had finished their work at OCTO without exhausting all the allotted hours in the purchase order would continue to be issued for the remaining time in the contract by using fraudulent timesheets” (page 24).
- “This overbilling scheme evolved into a plan in which Acar and Bansal would bill the remaining time in the name of individuals who had never even worked at OCTO” (page 24).
- “Acar and Bansal also collaborated to get the agency to overpay for software purchased by the security division” (page 25).
- “In 2009, Acar began monitoring incoming District emails to OCTO employees to detect any communications from the Office of the Inspector General” (page 26).
- “OCTO’s internal controls failed to detect or prevent Acar’s various fraudulent activities” (page 27).

- “Many OCTO employees attribute Acar’s prolonged success to what they describe as the isolation of the Security Division. Because the Security Division has access to all District email and telecommunication messages, OCTO treated the Division differently from its other programs” (page 30).
- “For several years before discovery of the fraud, Acar was a key decisionmaker in the hiring of contractors for the security division, which facilitated his kickback scheme. Moreover, on several occasions he served as acting program manager of the department, at which time he was able to make procurement decisions without any careful, third-party scrutiny. Further, as the acting leader of the group, Acar was able to expand the fraud by exercising substantial control over the division’s annual budget request. The lack of external scrutiny prevented these decisions from receiving the sort of oversight that might have prevented the fraud” (page 31).

According to the investigation report by Sidley (2010), the internal controls at OCTO played no role in detecting.

The Walters fraud investigated by WilmerHale and PwC (2008) illustrate convenience in the organizational dimension:

- “Jones deposited the fraudulent payments into accounts controlled by Walters, her family, or her friends” (page 40).
- “In early March 2007, Walters created an \$85,000 credit on a property associated with Samuel Earl Pope, Walters’ friend” (page 47).
- “Walters apparently provided cover stories to explain her generosity. According to one rumor, she was from a wealthy family and had inherited large sums of money, According to another rumor, she had a wealthy boyfriend or a second job and was good at “budgeting” her money” (page 60).

Walters' motive was private money spending for herself, her friends and family.

Unfortunately, the investigation by WilmerHale and PwC (2008: 8) "did not attempt to trace the stolen money or to determine who the money was distributed or spent."

WilmerHale and PwC (2008: 2) describe Walters' scheme, which is part of the organizational dimension of white-collar crime:

Harriette Walters was a long-time employee and starting in 2001, a low-level manager in RPTA. As Walters explained to us, she first became involved in a fraudulent tax refund scheme in the mid-1980s when she learned from a co-worker how to process fake refunds, how to waive penalty and interest charges in exchange for gifts and cash, and how to cash refund checks that were returned to RPTA when the taxpayer recipient had died. According to Walters, she eventually concluded that her co-worker, whom she described as a substance abuser, was unreliable as a partner in these activities. Walters then embarked on her own embezzlement scheme in the late 1980s, which focused on the issuance of fraudulent real property tax refund checks. From the late 1980s through late 2007, Walters stole more than \$48 million from the District, which, according to the *Washington Post*, is the largest known government-related embezzlement scandal in the District's history. Despite the long duration and scope of Walters' scheme, it was accomplished in a relatively simple and mundane fashion. Walters started small. Her first two fraudulent refunds in the late 1980s were for less than \$5,000 each and were issued payable to a friend who agreed to participate in the scheme. Soon, however, Walters discovered she could issue significantly larger refunds without incurring any additional risk of detection. In the early 1990s, Walters began processing fraudulent refunds to her friends and to her friends' companies for more than \$10,000 per transaction. By the late 1990s, Walters was issuing fraudulent refunds in excess of \$100,000 each. After becoming a manager of her unit, she

increased the amount of the fraudulent refunds further still. By 2004, she was processing fake refunds for \$350,000 or more. During the course of her scheme, Walters processed two fraudulent refunds in excess of \$500,000—one for \$543,423.50 in July 1997 and another for \$541,000.74 in May 2007. These fraudulent refund requests appeared on the surface to be legitimate. The requisite vouchers attached what seemed, at first glance, to be valid supporting documentation containing property descriptions and proof of tax payments. But the documentation often did not relate to the properties or property owners identified for the refund. Instead, the supporting materials were frequently copied from legitimate tax refunds for unrelated properties or were simply fabricated. Many of the refunds were issued directly to entities that did not own property in the District. The names of these entities were sometimes slight variations on legitimate businesses operating in the District. On at least one occasion, it appears that Walters simply strung together letters to create a nonsensical payee name. In still other instances, Walters processed fraudulent refunds in the names of legitimate property owners, but directed that payments be made “care of” companies that did not own or bear any relationship to the referenced property. Walters also processed refunds in care of, or to the attention of, prominent real estate attorneys. (We saw no indication whatsoever that these attorneys were involved in, or aware of, the scheme.) In all of these cases, Walters arranged for the refund checks to be delivered to her rather than mailed to the recipients. She then passed the checks to other participants in the scheme for deposit into bank accounts that they controlled, in later years with the help of a corrupt bank employee. To put the scale of Walters’ scheme in perspective, the average value of legitimate real property tax refunds in the District from October 1998 through January 2008 was about \$7,300. By contrast, the average fraudulent refund processed by Walters during that time frame was over

\$275,000. Between October 1998 and January 2008, 21% of real property tax refunds between \$100,001 and \$200,000 were fraudulent, 45% of real property tax refunds between \$200,001 and \$300,000 were fraudulent, and 68% of real property tax refunds between \$300,001 and \$400,000 were fraudulent. Most significantly, 81% of real property tax refunds between \$400,001 and \$500,000 were fraudulent. Between 2005 and 2007, Walters' fraudulent refunds accounted for nearly 35% of all real property tax refund dollars. Although some of Walters' subordinates helped prepare vouchers for the fraudulent refund requests and received gifts and/or substantial payments from her, we could not establish that any of them actually knew the refunds were in fact fraudulent. The subordinates we interviewed denied knowing about Walters' scheme, although one key witness who initially faced criminal charges that were later dropped refused through her attorney to talk to us. We also could not establish that more senior managers or other employees of the District were aware of Walters' scheme.

While the economical convenience for Walters was consumption by spending money far in excess of personal income for herself, friends and family, and the organizational convenience was tax returns and other special transactions that she could manipulate, the behavioral dimension is difficult to understand based on the investigation report by WilmerHale and PwC (2008). She pleaded guilty to federal charges related to theft of over \$48 million of District of Columbia funds.

It would be interesting to see analysis of more internal investigations in future research to cover convenience theory beyond organizational opportunity and sloppy controls.

STUDENT ELICITATION OF WHITE-COLLAR CRIME

In a criminology class in a Norwegian business school, 130 student responses document support for convenience theory. Students supported general statements such as:

- If it is more convenient to achieve a financial goal illegally, then many top executives will do it illegally.
- If it is impossible for top executives to get a bonus legally, then many do it illegally.
- If it is impossible to avoid bankruptcy legally, then many top executives do it illegally.
- If it is impossible for top executives to keep their jobs legally, then many do it illegally.
- If it is impossible to achieve a financial goal legally, then many top executives do it illegally.

Furthermore, all relationships suggested in the convenience model found support in the second student elicitation:

- A heightened pursuit of profit to cover perceived needs increases the organizational opportunities for white-collar crime.
- The more ambitious a financial goal is for the business, the more convenient it is to commit economic crime at work.
- A heightened pursuit of profit to cover perceived needs increases the willingness to commit white-collar crime at work.
- The more ambitious a financial goal is for the business, the more convenient it is to accept own criminal behavior.
- Increased opportunity to commit white-collar crime at work strengthens the desire for profit to cover perceived needs.
- The more convenient it is to commit economic crime at work, the more important it is to achieve an ambitious financial goal.
- Increased opportunity to commit white-collar crime at work strengthens the willingness for a deviant behavior that includes criminal acts.

- The easier it is to commit economic crime at work, the more convenient it is to accept own criminal behavior.
- Increased willingness to commit white-collar crime at work strengthens the desire for profit to cover perceived needs.
- The easier it is to accept own criminal behavior, the more convenient it is to achieve an ambitious financial goal.
- Increased willingness to commit white-collar crime strengthens the opportunity to commit economic crime at work.
- The easier it is to accept own criminal behavior, the more convenient it is to commit economic crime at work.

FUTURE RESEARCH

The extent of white-collar crime can be explained by desire in the economical dimension, opportunity in the organizational dimension, and willingness in the behavioral dimension, as illustrated by the research model in Figure 1. The research model is expected to predict the extent of white-collar crime based on convenience theory.

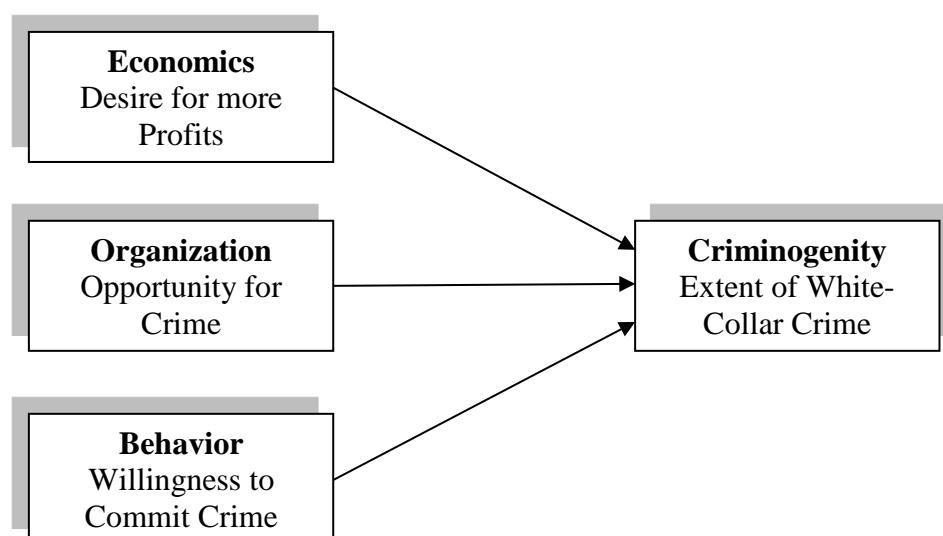


Figure 1 Research model to predict the extent of white-collar crime

The research model in Figure 1 stimulates the following research hypotheses.

Hypothesis I: A stronger desire for more profits will lead to a greater tendency to commit white-collar out of convenience.

The economical dimension of convenience theory suggests that the desire for profits is caused by perceived needs. It is convenient to satisfy desires by white-collar crime.

Hypothesis II: A greater organizational opportunity to commit crime will lead to a greater tendency to commit white-collar crime out of convenience.

The organizational dimension of convenience theory suggests that the profession and privileged position of the potential offender provides an opportunity to commit crime and makes crime a convenient action.

Hypothesis III: A stronger willingness to commit crime will lead to a greater tendency to commit white-collar crime out of convenience.

The behavioral dimension of convenience theory suggests that member of the elite are willing to commit white-collar crime.

We operationalize economics as desire for more profits in the following statements (disagree-agree):

1. Top executives are very concerned about profitability.
2. Top executives choose convenient solutions to achieve ambitious financial goals.
3. Top executives choose convenient solutions to satisfy their own financial greed.
4. Top executives choose convenient solutions when they are exposed to financial stress.

We operationalize organization as opportunity for crime in the following statements (disagree-agree):

1. Top executives have ample opportunities to commit financial crime related to their positions.
2. It is convenient for top executives to commit financial crime in their positions.
3. It is convenient for top executives to express that apparently illegal financial actions are legitimate.
4. It is convenient for top executives to conceal illegal financial actions among legal actions.

We operationalize behavior as willingness to commit crime in the following statements (disagree-agree):

1. Top executives are willing to commit financial crime at work.
2. Top executives perceive that financial crime is convenient because they do not look at themselves as criminals.
3. Top executives perceive that financial crime is convenient because they lack self-control.
4. Top executives perceive that financial crime is convenient because they think the end justifies the means.

We operationalize criminogenity – the tendency to commit crime – as extent of white-collar crime in the following statements (disagree-agree):

1. Top executives often commit financial crime by virtue of their positions.
2. Financial crime is accepted among top executives.
3. Top executives often solve challenges by committing financial crime by virtue of their positions.
4. Top executives have a great tendency to commit financial crime by virtue of their positions.

DISCUSSION

Based on previous research published in *Deviant Behavior* (Gottschalk, 2017a, 2017b; Gottschalk and Tcherni-Buzzeo, 2016), this article continues empirical studies of convenience theory with the purpose of explaining white-collar crime. We argue that convenience theory is a relevant avenue to explain white-collar crime. More specifically, we identify economics (desire for more profits), organization (opportunity), and behavior (willingness to commit crime) as key predictors of white-collar offenses.

We have made a distinction between empirical testing and empirical study, and emphasize our decision to focus on the latter. We have presented a diversity of methodological approaches, including qualitative data from a statistical sample of Norwegian inmates incarcerated for white-collar crime, autobiographical excerpts from white-collar offenders, internal investigations of white-collar crime, and student elicitation on white-collar crime.

In addition to the research model presented in Figure 1, there are several more avenues for future research. First, there is a need to compare the various approaches to convenience theory studies presented in this article. Next, this article may have been overly brief in the review of the etiology of white-collar crime as well as the definitional choices made. A more thorough summary of the respective strengths of differential association, strain and anomie, and control theory is needed. Similarly, we mention opportunity as one of the three independent variables listed in routine activity theory, but seemingly fail to mention the macro-structural causes of white-collar crime described in the Marxian literature. A stronger literature review, building on previous articles on convenience theory (Gottschalk 2017a, 2017b), can emphasize the relevance and uniqueness of convenience theory as it pertains to upper-class criminality.

Further, Sutherland's (1939) original description of crime committed by people of high social status and respectability in the course of his occupation has been criticized on many grounds, including its ambiguity regarding offender type (individual vs. organizational), offense type

(occupational vs. corporate), and offense seriousness (financial vs. physical harmful). In this and previous research on convenience theory (Gottschalk, 2017a, 2017b), there are somewhat subjective arguments about the exact definitional boundaries of white-collar crime that can be challenged in future research.

Finally, the research model in Figure 1 proposes causal chain without including factors that explain both motivation and opportunity. The operationalization of willingness should not solely rely on a mixture of neutralization (they do not look at themselves as criminals), control (they lack self-control), and strain (they think the end justifies the means), but rather add assumptions explicitly concerning human nature. In addition, the operationalization of criminogenicity should not rely on elements of neutralization and strain, which could lead to tautological issues.

CONCLUSION

This study had the purpose of providing additional support for the inclusion of convenience theory in the theoretical repertoire that explains white-collar crime. Based on previous research published in *Deviant Behavior*, this article has added more empirical studies of convenience theory. Based on the validity and usefulness of concepts that already exist, convenience theory emerges as a new combination of already existing concepts and ideas that emphasizes the relative perspective: Given a situation of alternative routes, the most convenient route is often chosen.

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