

# TEST BANK

## CHAPTER 1

### Introduction

#### Chapter 1 Multiple Choice

1. Which governor was convicted on charges of political corruption and was the fourth governor from the state of Illinois to be incarcerated since 1970?

- a. Jesse Ventura
- b. John Kasich
- c. Rod Blagojevich
- d. George Ryan

Answer: c

Page number: 2

Level: Basic

2. When was the term “white-collar crime” was first used?

- a. 1909
- b. 1939
- c. 1959
- d. 1989

Answer: b

Page number: 3

Level: Basic

3. Who coined the term “white-collar crime”?

- a. Upton Sinclair
- b. John D. Rockefeller
- c. E.A. Ross
- d. Edwin Sutherland

Answer: d

Page number: 3

Level: Intermediate

4. The term “white-collar” is based on:

- a. the types of victims.
- b. occupations of the perpetrator.
- c. offenders’ association with religion.
- d. its association with factories and tradesmen.

Answer: b

Page number: 3

Level: Intermediate

5. Which of the following describes a theory that forces social scientists to reconsider accepted theories?

- a. Debunking
- b. Historical
- c. Revised
- d. Vacuum

Answer: a

Page number: 4

Level: Intermediate

6. Which of the following has **not** contributed to the initial examination of white-collar crime?

- a. Exposure of monopolistic practices
- b. Increasing power of corporations
- c. Muckraking journalists
- d. Agricultural society values

Answer: d

Page number: 5

Level: Intermediate

7. Based on the 1907 book *Sin and Society*, which of the following refers to a pillar of society/paragon of virtue who in reality was interested only in personal gain using any means?

- a. Atavist
- b. Robber baron
- c. Criminaloid
- d. Elite deviant

Answer: c

Page number: 5

Level: Intermediate

8. A ponzi scheme attempts to cheat people by:

- a. selling stocks in nonexistent companies to investors.
- b. selling worthless real estate to investors.
- c. paying original investors with money from new investors.
- d. creating an investment scheme that targets the elderly.

Answer: c

Page number: 5

Level: Intermediate

9. Which is another term for a Ponzi scheme?

- a. Reverse investment
- b. Pyramid
- c. Triangle
- d. Upside-down

Answer: b

Page number: 6

Level: Basic

10. \_\_\_\_\_ of scams using spam mailings on the Internet are really Ponzi schemes.
- a. 40%
  - b. 50%
  - c. 60%
  - d. 80%

Answer: d

Page number: 8

Level: Basic

11. Which year brought the close of 500 different banks in the United States?
- a. 1913
  - b. 1923
  - c. 1933
  - d. 1943

Answer: c

Page number: 8

Level: Basic

12. What decade saw renewed interest in the study of white-collar crime?
- a. 1950s
  - b. 1960s
  - c. 1970s
  - d. 1980s

Answer: c

Page number: 9

Level: Basic

13. The 1980s saw a dramatic increase in the incidence of white-collar crime. One of the reasons for the increase may have been:
- a. support for collective welfare ideals.
  - b. increase in the quality of public schools.
  - c. government deregulation.
  - d. focus on non-material goals.

Answer: c

Page number: 10

Level: Intermediate

14. Barry Minkow regarded money generated from stock sales as:
- a. a source of working capital to be used to buy new equipment.
  - b. money he could use to invest in other companies.
  - c. money he could use to pay some creditors without other creditors finding out.
  - d. a great source of revenue that did not have to be paid back.

Answer: d

Page number: 12

Level: Intermediate

15. The 1990s could be dubbed as:
- a. the “betrayal decade.”
  - b. the “greed decade.”
  - c. the “scam decade.”
  - d. the “great decade.”

Answer: a

Page number: 11

Level: Basic

16. White-collar crime of the 1990s included all of the following **except**:
- a. the killing of a champion stallion for insurance money.
  - b. a biologist faking research findings.
  - c. the U.S. President being found guilty of perjury
  - d. the U.S. Treasurer being found guilty of tax evasion

Answer: c

Page number: 14

Level: Intermediate

17. The Keystone and Oakwood bank frauds are particularly appalling because of:
- a. the amount of money taken.
  - b. the ease with which outsiders were able to infiltrate the banks.
  - c. the effect on the national economy.
  - d. the identity of the victims.

Answer: d

Page number: 16

Level: Intermediate

18. The First Equity fraud caught the public’s attention for all of the following reasons **except**:
- a. location of occurrence.
  - b. amount of money involved.
  - c. date of occurrence.
  - d. identity of perpetrators.

Answer: d

Page number: 18

Level: Intermediate

19. Difficulties in studying white-collar crime include all of the following **except**:
- a. the complex nature of crime.
  - b. crime definition.
  - c. not enough data.
  - d. too many data from too many sources.

Answer: d

Page number: 19

Level: Intermediate

20. In his pioneering 1949 study, Sutherland used data relating to many industries from many different sources. This is referred to as \_\_\_\_\_ data.

- a. longitudinal
- b. cross-sectional
- c. complex
- d. qualitative

Answer: b

Page number: 19

Level: Basic

21. Industry-specific studies showed that although white-collar crime can occur in a variety of settings, it is concentrated in certain specific industries, such as:

- a. securities, defense contractors, and savings and loans.
- b. banking, the computer industry, and pharmaceuticals.
- c. sports entertainment, the record industry, and gambling entertainment.
- d. entertainment, banking, ranching, and farming.

Answer: a

Page number: 21

Level: Intermediate

22. What two types of fraud did individuals identify as most prevalent in victimization surveys?

- a. Overcharging for medical services and overcharging for drugs
- b. Government untruths about use of tax money and Medicaid
- c. False advertising and selling outdated foods
- d. Prize scams and auto repairs

Answer: d

Page number: 22

Level: Basic

23. The financial cost of street crime is what fraction of the cost of white-collar crime?

- a. less than 1/10
- b. over half
- c. 1/4
- d. 1/3

Answer: a

Page number: 23

Level: Intermediate

24. The public suffers social and political harm in addition to financial harm. Loss of trust when the privileged wealthy few are punished less severely than others is what one social scientist refers to as:

- a. culture cost.
- b. hidden cost.
- c. demoralization cost.
- d. opportunity cost.

Answer: c  
Page number: 23  
Level: Intermediate

25. The public does not regard white-collar crime as a severe problem. Reasons for this include all of the following **except**:
- a. consequences difficult to visualize.
  - b. the low cost of white-collar crime.
  - c. the complicated nature of the facts.
  - d. faceless victims and faceless villains.

Answer: b  
Page number: 23  
Level: Intermediate

26. Which is an especially alarming characteristic of white-collar crime that, ironically, is also an explanation of low public interest in white-collar crime?
- a. The small number of people actually victimized by white-collar crime
  - b. Excessive government regulation
  - c. Delay in harm
  - d. Cover-up by media

Answer: c  
Page number: 24  
Level: Intermediate

27. Which major Wall Street investment firm “rigged” the U.S. Treasury bond market and received little backlash from the media and other outlets?
- a. Salomon Brothers
  - b. Enron
  - c. Einstein Brothers
  - d. Madoff and Associates

Answer: a  
Page number: 24  
Level: Intermediate

## **Chapter 1 True-False**

1. Edwin Sutherland coined the term “white-collar crime.”
- a. True
  - b. False

Answer: a  
Page number: 3  
Level: Basic

2. A theory that forces social scientists to reconsider accepted theories is a debunking theory.
- a. True

b. False

Answer: a

Page number: 4

Level: Intermediate

3. Atavists enjoys a public image as pillars of the community and paragons of virtue.

a. True

b. False

Answer: b

Page number: 5

Level: Intermediate

4. Charles Ponzi is one of the most influential white-collar criminals in American history.

a. True

b. False

Answer: a

Page number: 5

Level: Basic

5. Ponzi schemes are occurring less now than they ever have before.

a. True

b. False

Answer: b

Page number: 6

Level: Basic

6. Many scams involving junk e-mail are for pyramid schemes.

a. True

b. False

Answer: a

Page number: 8

Level: Basic

7. Barry Minkow regarded money generated from stock sales as money he could use to invest in other companies.

a. True

b. False

Answer: b

Page number: 11

Level: Difficult

8. The 1980s was dubbed the "betrayal decade."

a. True

b. False

Answer: b

Page number: 12

Level: Basic

9. Sutherland's cross-sectional studies indicate that white-collar crime is relatively common among large corporations.

- a. True
- b. False

Answer: a

Page number: 20

Level: Intermediate

10. Victimization surveys have been used to gain more information about the prevalence of street crime for many years.

- a. True
- b. False

Answer: a

Page number: 22

Level: Basic

11. According to victimization surveys, approximately half of all respondents reported that they had been targets of an attempted or successful fraud.

- a. True
- b. False

Answer: b

Page number: 22

Level: Intermediate

12. Personal frauds cost American tax payers an estimated \$40 billion annually.

- a. True
- b. False

Answer: a

Page number: 22

Level: Basic

13. The consequences of corporate accounting fraud can be extremely expensive.

- a. True
- b. False

Answer: a

Page number: 23

Level: Basic

14. Loss of trust when the privileged wealthy few are punished less severely than others is referred to as the opportunity cost.

- a. True
- b. False

Answer: b

Page number: 23



Level: Intermediate

15. Americans tend to view white-collar crime as a problem, but not a particularly severe one.

a. True

b. False

Answer: a

Page number: 23

Level: Basic

## Chapter 1 Fill in the Blank

1. The term “white-collar crime” was coined in \_\_\_\_\_.

Answer: 1939

Page number: 3

Level: Basic

2. Edwin \_\_\_\_\_ defined white-collar crime as crimes committed by a person of respectability and high social status in the course of his or her occupation.

Answer: Sutherland

Page number: 3

Level: Basic

3. A Ponzi scheme is also known as a \_\_\_\_\_ scheme.

Answer: pyramid

Page number: 6

Level: Intermediate

4. During the Great Depression, the nation was rocked by a monetary crisis that eventually led to the \_\_\_\_\_ of over 500 banks.

Answer: closure

Page number: 8

Level: Basic

5. White-collar crime appeared to be on the upswing in the \_\_\_\_\_.

Answer: 1990s

Page number: 13

Level: Basic

6. \_\_\_\_\_ is another sign of the “betrayal decade.”

Answer: Embezzlement  
Page number: 13  
Level: Intermediate

7. Victimization \_\_\_\_\_ have recently started to collect data on white-collar crimes.

Answer: surveys  
Page number: 22  
Level: Basic

8. Some costs of white-collar criminality \_\_\_\_\_ be measured in dollars and cents.

Answer: cannot  
Page number: 23  
Level: Basic

9. The government pays so little attention to white-collar crime because members of the \_\_\_\_\_ do not express outrage over it as they do over street crime.

Answer: public  
Page number: 23  
Level: Intermediate

## Chapter 1 Matching

Match the key terms listed in Column 1 to the description in Column 2. Use each description only once.

1. Edwin Sutherland	a. A theory that forces social scientists to reconsider accepted theories
2. White-collar crime	b. A scheme that attempts to cheat people by paying original investors with money from new investors
3. Debunking theory	c. Coined the term “white-collar” crime
4. Criminaloid	d. Used by Edwin Sutherland to study data relating to many industries from different sources
5. Ponzi scheme	e. Loss of trust when the privileged wealthy few are punished less severely than others
6. Cross-sectional data	f. Is based on the occupations of the perpetrator
7. Demoralization cost	g. Former treasurer of the United States imprisoned for tax fraud
8. Catalina Vasquez Villalpando	h. A pillar of society/paragon of virtue who in reality was interested only in personal gain using any means

Answer:

1. \*c
2. \*f
3. \*a
4. \*h
5. \*b
6. \*d
7. \*e
8. \*g

Level: Basic

## **Chapter 1 Essay**

1. Why were the 1980s thought of as the “greed decade”?

Answer:

- The unprecedented magnitude of white-collar crimes
- The cultural shift in Americans need for material objects
- The abuse of power among high-standing, trusted individuals

Page number: 10

Level: Intermediate

2. Why is there is so much more public outcry over street crime compared to white-collar crime?

Answer:

- The actual definition of white-collar crime
- The government has failed to produce better data on white-collar crimes
- White-collar crimes are less obvious

Page number: 19

Level: Difficult

3. Which industries tend to have a higher level of criminality than others? Discuss the reasons for this phenomenon.

Answer:

- Defense contractors sometimes overcharge, use defective products, and conflicts of interests
- The securities industry includes excessive trading, unsuitable recommendations, and unauthorized trading

Page number: 21

Level: Difficult

## **Chapter 1 Critical Thinking**

1. Evaluate Ponzi schemes. What is a Ponzi scheme? Discuss examples from the text that resulted in substantial losses. How do people become victims of Ponzi schemes?

Answer: A Ponzi scheme attempts to cheat people by paying original investors with money from new investors. Answers may vary.

Page number: 6

Level: Difficult

2. Explore the reasons why the government has been slow in collecting data on white-collar crime.

Answer: The reason is that the public does not express outrage over white-collar crime compared to street crimes. The government has devoted very few resources to gathering data specific to white-collar crime, and has only recently begun collecting such data.

Page number: 23

Level: Difficult