

## **CHAPTER 2**

### **STUDYING WHITE COLLAR CRIME AND ASSESSING ITS COST**

#### **TEST BANK**

#### **MULTIPLE CHOICE**

1. The positivistic approach to the study of white collar crime is associated with:
  - a. the use of the scientific method
  - b. a perspective drawn broadly from the humanities
  - c. an optimistic view that the white collar crime problem can be solved
  - d. postmodernist deconstruction

ANS: A                      REF: p. 35                      OBJ: LO 1

2. Since the 1970s, the unit of analysis in white collar crime studies has increasingly shifted from the:
  - a. organization to the individual
  - b. individual to the organization
  - c. state to the individual
  - d. individual to the state

ANS: B                      REF: p. 36                      OBJ: LO 3

3. Problems of \_\_\_\_\_ may be intensified in the study of white collar crime if researchers are drawn to the field by moral outrage.
  - a. validity
  - b. subjectivity
  - c. objectivity
  - d. originality

ANS: C                      REF: p. 36                      OBJ: LO 2

4. To obtain the cooperation of an organization such as a corporation in a research project on corporate crime, the research proposal must generally:
  - a. be presented in a non-threatening way
  - b. incorporate a framework and terminology familiar to the organization
  - c. be seen as having some potential benefit or “payoff” for the organization
  - d. all of the above

ANS: D                      REF: p. 36                      OBJ: LO 2

5. The factor *least* likely to be involved in interviewing powerful people is:
- a. accommodating time constraints
  - b. resolving confidentiality concerns
  - c. establishing empathy and credibility
  - d. regional identity

ANS: D

REF: p. 36

OBJ: LO 2

6. Which of the following is *not* a limitation of “journalistic” research on white collar crime?
- a. Biases towards sensational cases
  - b. The inability of journalists to collect and analyze data
  - c. Lack of representativeness
  - d. Pressure to meet deadlines

ANS: B

REF: p. 37-38

OBJ: LO 2

7. The methodology that provides a concrete, rich understanding of the dynamics and realities of a particular white collar crime case is the:
- a. experiment
  - b. survey
  - c. case study
  - d. analysis of official data

ANS: C

REF: p. 38-39

OBJ: LO 3

8. The methodology that has been *least* readily applied to the study of white collar crime is the:
- a. experiment
  - b. survey
  - c. case study
  - d. analysis of official data

ANS: A

REF: p. 39

OBJ: LO 3

9. A principal value of the experimental method is its:
- a. representativeness
  - b. external validity
  - c. control
  - d. longitudinal dimensions

ANS: C

REF: p. 39

OBJ: LO 3

10. The results of Milgram's experiment on authority suggested that:
- a. people dislike being given orders
  - b. middle class people are less likely to obey authority than lower class people
  - c. ordinary people will do something harmful or unethical if ordered to do so by legitimate authority
  - d. most people will disobey orders to do something harmful or unethical

ANS: C                      REF: p. 39-40                      OBJ: LO 3

11. Tracy and Fox's study of fraudulent claims to insurance companies submitted by auto-body repair shops is an example of:
- a. a laboratory experiment
  - b. a field experiment
  - c. a natural experiment
  - d. a dependent experiment

ANS: B                      REF: p. 40                      OBJ: LO 3

12. Surveys would be *least* helpful in the study of:
- a. attitudes toward the punishment of white collar offenders
  - b. personal patterns of involvement with white collar offenses
  - c. characteristics of corporations convicted of white collar offenses
  - d. rationales for justice system responses to white collar offenders

ANS: C                      REF: p. 40                      OBJ: LO 3

13. Which of the following is *not* an example of secondary data?
- a. Regulatory agency records of actions taken against corporations.
  - b. Federal court records on sentencing of white collar offenders.
  - c. Transcript records of a researcher's interviews with convicted white collar offenders.
  - d. FBI records of arrests for embezzlement.

ANS: C                      REF: p. 41-42                      OBJ: LO 3

14. The existence of extensive archival data is probably *least* likely to be present in:
- a. state crime cases
  - b. governmental corruption cases
  - c. corporate crime cases
  - d. organized crime cases

ANS: D                      REF: p. 42                      OBJ: LO 4

15. Archival data is often obtained through:
- a. break-ins
  - b. employees stealing documents
  - c. the Freedom of Information Act
  - d. piecing shredded documents back together

ANS: C                      REF: p. 42                      OBJ: LO 4

16. The pattern of media coverage of antitrust cases at different points in time calls for what type of research method?
- a. Secondary data analysis
  - b. Archival data analysis
  - c. Content analysis
  - d. Journalistic analysis

ANS: C                      REF: p. 43                      OBJ: LO 4

17. The type of crime regarded as *least* serious by the general public is:
- a. manufacturing unsafe products
  - b. selling contaminated food
  - c. antitrust violations
  - d. illegal price fixing

ANS: D                      REF: p. 44-45                      OBJ: LO 4

18. Methodological problems with seriousness of crime studies include all *but* which of the following?
- a. Use of different measures of wrongdoing
  - b. Use of different types of seriousness scales
  - c. Over-reporting of fraud
  - d. Use of different sampling techniques

ANS: C                      REF: p. 44-45                      OBJ: LO 2

19. The Uniform Crime Report is *least* useful as a source of information on which of the following?
- a. Burglary
  - b. Low-level fraud
  - c. Assault
  - d. Corporate securities fraud

ANS: D                      REF: p. 46                      OBJ: LO 4

20. Which of the following is *not* a problem when relying upon regulatory agency data?
- a. The agencies have a good deal of discretionary leeway in defining and responding to offenses
  - b. The offenses dealt with by the agencies are more typically conventional rather than white collar.
  - c. Corporations and organizations rather than individuals tend to be the primary focus of regulatory agencies
  - d. The agencies are not organized to track offenders over time

ANS: B                      REF: p. 46-47                      OBJ: LO 4

21. According to the victimization survey conducted by the National White Collar Crime Center in 2005, how many of the individuals surveyed reported having been victims of some form of white collar crime in the previous year?
- a. Half
  - b. Three quarters
  - c. One third
  - d. One fifth

ANS: C                      REF: p. 47                      OBJ: LO 4

22. Which of the following data sources indicates the highest level of individual involvement with any type of criminal behavior, including white collar offenses?
- a. The Uniform Crime Report
  - b. The National Crime Survey
  - c. Self-report surveys
  - d. Regulatory agency offense statistics

ANS: C                      REF: p. 48                      OBJ: LO 4

23. Government sources estimated that criminal activity was involved in approximately \_\_\_\_\_ of the 1980s savings and loan insolvencies.
- a. 10-20%
  - b. 40-50%
  - c. 70-80%
  - d. 100%

ANS: C                      REF: p. 49                      OBJ: LO 5

24. The economic loss from a white collar crime is *least* likely to be based upon an assessment of:
- a. original cost
  - b. current market value
  - c. replacement cost
  - d. future value

ANS: D                      REF: p. 49                      OBJ: LO 5

25. The economic cost of white collar crime is roughly \_\_\_\_\_ times greater than that of conventional crime.
- a. 2 to 5
  - b. 5 to 10
  - c. 10 to 50
  - d. 50 to 100

ANS: C                      REF: p. 50                      OBJ: LO 5

26. Losses to ordinary workers and investors as a consequence of the collapse of Enron alone were estimated at up to:
- a. \$100 million
  - b. \$1 billion
  - c. \$10 billion
  - d. \$50 billion

ANS: C                      REF: p. 50                      OBJ: LO 5

27. Laws and regulations prohibiting a wide range of corporate activities have been blamed for all *but* which of the following?
- a. Putting American corporations at a competitive disadvantage relative to foreign corporations
  - b. Costing American taxpayers money
  - c. Putting the lives of American workers in greater jeopardy
  - d. Deterring qualified people from serving in public office

ANS: C                      REF: p. 50                      OBJ: LO 5

28. The *lowest* level of total economic loss in a given year is most likely to be associated with:
- a. fraud
  - b. burglary and robbery
  - c. identity theft
  - d. workplace theft

ANS: B                      REF: p. 50                      OBJ: LO 5

29. Which of the following is *not* an indirect cost of one form of employee crime?
- a. Surveillance of employees
  - b. Higher prices
  - c. Inventory shrinkage
  - d. More insurance

ANS: C                      REF: p. 51                      OBJ: LO 5

30. Which of the following is *not* one of the physical costs of white collar crime?
- a. Death and injury from environmental pollution
  - b. Injuries to employers assaulted by disgruntled employees
  - c. Health problems developed by workers due to unsafe working conditions
  - d. Injuries to consumers due to purchase of unsafe produces

ANS: B                      REF: p. 52                      OBJ: LO 5

31. More than \_\_\_\_\_ Americans die each year as a result of work-related diseases and accidents.
- a. 3,000,000
  - b. 3,000
  - c. 300,000
  - d. 30,000

ANS: D                      REF: p. 52                      OBJ: LO 6

32. The concept of “crime victim” has been most readily applied to victims of:
- a. racism
  - b. white collar crime
  - c. conventional predatory crime
  - d. organized crime

ANS: C                      REF: p. 53                      OBJ: LO 6

33. In which of the following roles is the average person *least* likely to be the victim of a crime?
- a. Employee
  - b. Co-worker
  - c. Consumer
  - d. Taxpayer

ANS: B                      REF: p. 53-54                      OBJ: LO 6

34. Which of the following would be an indirect victim of white collar crime?
- a. An employer whose employees have embezzled significant sums from the company
  - b. The patient of a physician who performed an unnecessary operation on him
  - c. A welfare client whose services are cut after the state welfare department is defrauded by a private corporation
  - d. An employee who suffers serious health problems after her employer illegally fails to implement safety measures

ANS: C                      REF: p. 53-55                      OBJ: LO 6

35. Which of the following is *not* a way in which white collar crime typically differs from conventional crime?
- a. A more gradual realization of victimization
  - b. A reduced likelihood of direct physical confrontation
  - c. A greater likelihood of cynicism as a response
  - d. Less substantial losses

ANS: D                      REF: p. 56-57                      OBJ: LO 6

### TRUE/FALSE

1. The humanistic approach to studying white collar crime assumes that the subject can be studied “scientifically.”

ANS: F                      REF: p. 35                      OBJ: LO 1

2. White collar crime is a sociological phenomenon, and accordingly other disciplines have little to contribute to our understanding of it.

ANS: F                      REF: p. 35                      OBJ: LO 1

3. It is impossible to compel powerful people and institutions to cooperate with a white collar crime research project.

ANS: F                      REF: p. 36                      OBJ: LO 2

4. In more recent years the unit of analysis in the study of white collar crime has increasingly shifted from the organization to the individual.

ANS: F                      REF: p. 36                      OBJ: LO 1



5. Police departments report conventional crimes to the FBI, but do not systematically tabulate or report white collar crimes.

ANS: T                      REF: p. 37                      OBJ: LO 2

6. Objectivity is rarely an issue in white collar crime research because researchers are not white collar criminals.

ANS: F                      REF: p. 36                      OBJ: LO 2

7. Conventional offenders have tended to be more accessible to researchers than white collar offenders.

ANS: T                      REF: p. 36                      OBJ: LO 2

8. It is generally easier to obtain research funding for studies of elite deviance than for studies of juvenile delinquency.

ANS: F                      REF: p. 37                      OBJ: LO 2

9. Because of the difficulties associated with researching the Revco Medicaid fraud case, Diane Vaughan decided not to investigate the explosion of the *Challenger*.

ANS: F                      REF: p. 38                      OBJ: LO 2

10. Journalistic reports of white collar crime can generate hypotheses for further, more systematic study.

ANS: T                      REF: p. 37                      OBJ: LO 3

11. Mark Dowie's "Pinto Madness," originally published in *Mother Jones* in 1977, was a journalistic report that exposed a significant example of corporate misconduct.

ANS: T                      REF: p. 37                      OBJ: LO 3

12. It is rare for studies of white collar crime to use a mixture of different methods.

ANS: F                      REF: p. 38                      OBJ: LO 3

13. Laboratory experiments are the most widely used type of experiment in the study of white collar crime.

ANS: F                      REF: p. 39-40                      OBJ: LO 3

14. A natural experiment takes advantage of a situation in the real world which the researcher does not manipulate, but which allows her to study the impact of some relevant independent variable.

ANS: T                      REF: p. 40                      OBJ: LO 3

15. No survey has yet been conducted to study the reasoning of federal judges during the sentencing process for white collar offenders.

ANS: F                      REF: p. 40-41                      OBJ: LO 3

16. The records of official agencies provide the best type of information on white collar offenders because they are completely objective and unbiased.

ANS: F                      REF: p. 42                      OBJ: LO 3

17. Archival data in white collar crime cases is likely to be much more extensive than in conventional crime cases.

ANS: T                      REF: p. 42-43                      OBJ: LO 3

18. Due to the complexity of the subject matter, college students cannot be expected to play any role in carrying out research on white collar crime.

ANS: F                      REF: p. 43                      OBJ: LO 4

19. The traditional view among researchers has been that white collar crime is perceived as less serious than conventional crime.

ANS: T                      REF: p. 44                      OBJ: LO 4

20. Contemporary studies of perceptions of the seriousness of crime indicate that the consensus on the seriousness of white collar crime is lower than for conventional crime.

ANS: T                      REF: p. 44                      OBJ: LO 4

21. Recent surveys have indicated that the crimes people fear most tend to be violent crimes involving direct physical injury or death.

ANS: T                      REF: p. 44                      OBJ: LO 4

22. Many studies indicate that the perception of white collar crime as serious has recently increased.

ANS: T                      REF: p. 44                      OBJ: LO 4

23. A direct relationship can be established between people's perceptions of the seriousness of white collar crimes and their relative willingness to convict offenders and support harsh laws.
- ANS: F                      REF: p. 44                      OBJ: LO 4
24. Statistics about criminal activity are generally identical to statistics on criminal justice system responses to criminal activity.
- ANS: F                      REF: p. 44                      OBJ: LO 4
25. The FBI's Uniform Crime Report is a good source for information on all forms of criminal fraud, including corporate fraud.
- ANS: F                      REF: p. 46                      OBJ: LO 4
26. Federal crime statistics data suggest that fraud charges have increased in recent years.
- ANS: T                      REF: p. 46                      OBJ: LO 4
27. Federal crime statistics provide us the percentage of the whole class of white collar offenders arrested relative to the percentage of conventional property offenders arrested.
- ANS: F                      REF: p. 46                      OBJ: LO 4
28. Victimization surveys are regarded as less useful for white collar crime than for conventional crime.
- ANS: T                      REF: p. 47                      OBJ: LO 4
29. It is possible for consumer fraud to be overreported as well as underreported.
- ANS: T                      REF: p. 47                      OBJ: LO 4
30. There is no truly reliable way to measure the incidence of many forms of white collar crime.
- ANS: T                      REF: p. 48                      OBJ: LO 4
31. The economic cost of white collar crime has been far more accurately measured than that of conventional crime.
- ANS: F                      REF: p. 49                      OBJ: LO 5

32. It is possible for stockholders to benefit economically from corporate or securities-related crimes which they know nothing about.
- ANS: F                      REF: p. 50                      OBJ: LO 5
33. Many legitimate businesses and professionals profit from white collar crimes which they did not cause to occur.
- ANS: T                      REF: p. 50                      OBJ: LO 5
34. Annual losses in the U.S. for identity theft are almost ten times as high as the losses from burglary and robbery.
- ANS: T                      REF: p. 50                      OBJ: LO 5
35. The fact that our government has been able to levy and collect very high fines greatly offsets the economic cost of white collar crime.
- ANS: F                      REF: p. 51                      OBJ: LO 5
36. A drop in investor confidence following exposure of insider trading would be an example of a residual cost of white collar crime.
- ANS: T                      REF: p. 52                      OBJ: LO 5
37. The physical costs of white collar crime, by any measure, are far more limited than such costs associated with conventional crime.
- ANS: F                      REF: p. 52                      OBJ: LO 5
38. It has been calculated that the risk of injury in the workplace is greater than the risk of injury from conventional violent crime.
- ANS: T                      REF: p. 52                      OBJ: LO 5
39. Victimology and the victim's rights movement have been almost exclusively directed toward victims of conventional predatory crime.
- ANS: T                      REF: p. 53                      OBJ: LO 6
40. Some types of white collar crime involve large numbers of victims, each of whom suffers relatively minor losses.
- ANS: T                      REF: p. 54                      OBJ: LO 6

41. Women may be more vulnerable to victimization for some forms of corporate crime.

ANS: T                      REF: p. 54                      OBJ: LO 6

42. While victims of conventional predatory crimes are sometimes blamed for their victimization, this blaming generally does not occur with white collar crime victims.

ANS: F                      REF: p. 55                      OBJ: LO 6

43. Prosecuted white collar crime cases are more likely to involve organizational victims rather than individual victims.

ANS: T                      REF: p. 56                      OBJ: LO 6

44. Victims of major frauds by organizations may endure significant financial losses, but are unlikely to suffer emotional or psychological trauma.

ANS: F                      REF: p. 57                      OBJ: LO 6

## ESSAY

1. What is the difference between the positivistic and humanistic approaches to the study of white collar crime? Why does the study of white collar crime ultimately call for a cross-disciplinary or interdisciplinary approach? What are some of the specific challenges in studying white collar crime, relative to the study of conventional crime? Explain your responses to each part of this question using specific examples.

REF: p. 35                      OBJ: LO 1

2. Identify some specific applications of, and limitations of, three of the following methods for researching white collar crime: the journalistic approach; the experiment; the survey; observational research; secondary data analysis; archival data analysis; content analysis. Then discuss how all three of the methods identified might be applied to the study of a single form of white collar crime.

REF: p.37                      OBJ: LO 3

3. Critically evaluate the traditional claim that the general public perceives white collar crime to be less serious than conventional crime. How might you go about researching this issue, and what specific methodologies would you use? Which specific factors have contributed to a growth in the perception that white collar crime is relatively serious?

REF: p. 44-45                      OBJ: LO 4

4. What are the specific difficulties involved in measuring the amount and cost of white collar crime? Which generalizations, if any, about the amount and cost of white collar crime do you regard as reliable? Discuss the concepts of indirect costs and residual costs of white collar crime.

REF: p. 44-47      OBJ: LO 5

5. Compare the broad and narrow conceptions of the notion of victims of white collar crime. What are the specific reasons why victims of white collar crime have attracted less attention than victims of conventional predatory crime? Discuss the concepts of victim blaming and organizational victims in connection with white collar crime.

REF: p 47-48      OBJ: LO 6