WHITE COLLAR CRIME

White-collar crime takes many forms. Some examples include: embezzlement, kickbacks, fraudulent financial statements, expense report schemes, "dummy" vendors, conflict of interest, etc.

One way to view white-collar crime as compared to theft is that it is in essence an indirect form of theft. Perpetrators often rationalize that because it is indirect, it is victimless and therefore "acceptable".

The risk of internal misdeeds occurring in an organization is contingent upon a combination of factors:

- Motive – usually caused by personal pressures
- Opportunity – caused by poor accounting controls
- The personal integrity of the employees

Financial pressures, family difficulties, and drugs are significant motivations for committing white-collar crimes. What I have found however, since the 1980's when white-collar crime has exploded and the principal cause of abuse is simply greed.

In my investigations what I find is a poor system of internal accounting controls that contributes to an environment where white-collar crime criminals develop an attitude that "the organization doesn't really care if I take something because it's an unofficial perk of the job." I have seen embezzlers rationalize that they are not really stealing but just "taking a loan that they will pay back eventually". Others rationalize that they are not fairly paid and taking money is just their way of making their compensation more equitable. Finally, some individuals simply rationalized that "management doesn't really care and everyone else is doing it anyway".

Take a look at your organization and see if you should re-think the way you maintain your internal accounting controls. Let's talk, let's have a conversation.

David J. Hammel, CPA, CFE, CFF

