

# Criminology

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## Short Note (10 marks)

Q: Write short note on the following:

### White-Collar Crime:

White-Collar Crime refers to non-violent, financially motivated crimes typically committed by individuals, businesses or government officials in position of trust and authority. Unlike blue-collar crimes, which involve physical violence or property damage, white-collar crimes are characterized by deceit, concealment or violation of trust.

"The difference between white-collar and blue-collar crimes is not just the nature of the act but also the way of society responds to it"  
(Elliot Currie)

# Characteristics of White-Collar Crime

## 1. Non-Violent Nature:

White-collar crimes do not involve physical violence or direct harm to individual. Instead, they often focus on financial gain through fraudulent practices.

Example: The Bernie Madoff Ponzi Scheme (2008), which defrauded investors of approximately \$65 billion.

## 2. Financial Motivation:

These types of crimes are primarily driven by the pursuit of financial benefits such as embezzlement, insider trading, and tax evasion.

## 3. Abuse of Trust:

Perpetrators of white-collar crimes typically hold positions of authority or trust, exploiting their roles to commit illegal activities without immediate detection.

White-collar crime is not just a violation of laws but a betrayal of trust placed in individual by the public and their press (Franklin)

## Examples of White-Collar Crime:

These are following main examples include in the White Collar Crime.

### 1. Fraud:

This includes various deceptive practices such as financial fraud, securities fraud or insurance fraud, where individuals or companies intentionally misrepresent information to gain financial advantage.

According to the Federal Trade Commission (FTC) reported over 2.8 million cases of fraud in 2022, with identify theft being the most reported type.

### 2. Insider Trading:

This occurs when individuals with access to confidential information use that knowledge or other securities to trade stocks for personal gain.

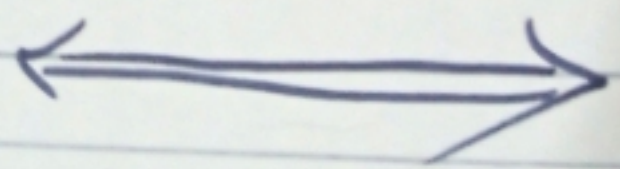
### 3. Embezzlement:

This type of crime involves the misappropriation or theft of funds entrusted to someone's care, often by employees or officials in positions of trust.

Embezzlement is a form of theft that capitalizes on a position of authority to subvert "trust"  
(David B. Wolitz)

satisfactory 6/10

White-collar crimes can have significant economic and social impacts, undermining public trust and causing financial losses to businesses and individuals.



(5)

## Short Note (10 Marks)

Q: Write a short note on the following:

### Money Laundering:

Money Laundering is the process of disguising the origin of illegally obtained money, typically by passing it through a complex sequence of banking transfers or commercial transactions. The goal is to make the money appear legitimate.

"Money Laundering is the art of making dirty money look clean, using a facade of legitimacy"

(Frank Abagnale)

### Stages of Money Laundering:

#### 1. Placement:

The initial stage where illicit funds are introduced into the financial system. This can be done through methods like bank deposits, purchasing assets or using cash-intensive businesses.

(6)

## 2. Layering :

The 2<sup>nd</sup> stage of money laundering where the money is separated from its criminal origins through a series of transactions and complex financial maneuvers. This includes transferring money between accounts, buying and selling assets, and using shell companies.

The goal of money laundering is to conceal the true origins of illicit funds, making them "legal assets".

(Robert Mazur)

## 3. Integration :

The final stage where the laundered money is reintroduced into the economy and used for legitimate purposes. This stage aims to make the money appear to have come from a lawful source.

"Money laundering may invest in various financial instruments such as stocks, bonds, or cryptocurrencies. The Financial Action Task Force (FATF) reported in 2021 that the rise of digital currencies has created new opportunities for laundering money through sophisticated investment."

# Methods of Money Laundering

## i- Structuring (Smurfing):

Smurfing is a money laundering technique where large sums of illicit money are broken into smaller, less suspicious amounts. These smaller amounts are then deposited separately to avoid detection or reporting requirements.

## ii- Shell Companies:

Shell companies are fake businesses set up to hide the true ownership of funds or assets. They do not have real operations but are used to launder money and obscure financial transactions.

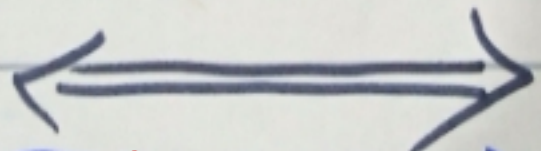
"Money laundering not only facilitates criminal activity but also describes the integrity of financial institutions and markets" (John W.H.C. Smith)

## iii- Trade-based Laundering:

Trade-based laundering involves disguising illegal money through fake trade transactions to move funds across borders and make them look legitimate.

Money Laundering has significant consequences, including undermining the integrity of financial system, its facilitating criminal activities and causing instability.

To combat money laundering activities, countries have implemented Anti-money Laundering (AML) laws and Regulations, such as U.S Bank Secrecy Act and the EU Anti-Money Laundering Directive. Financial institutions are required to monitor transactions, perform due diligence on customers, and report suspicious activities to authorities.



THE END

both are satisfactory  
7/10 but work on presentation skills  
make charts