

# Financial Crimes With An Emphasis On The White-Collar Crimes

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**Abstract**—White-collar crime is known for its significant economic impact and its social impact, as it affects many people. The purpose of this article is to clarify the concepts of financial crime and white-collar crime, and to explore the practices involved in financial crime. The ultimate aim is to provide suggestions and best practices that companies or organisations can implement to reduce the likelihood of financial crime occurring within them.

The research methodology is a literature review, which includes the study of international scientific articles, studies by reputable organisations dealing with financial crime and websites of institutions. Particular emphasis is placed on the study of updated literature, as financial crime is constantly evolving with new techniques.

The main conclusions of the article are that economic crime differs from other crimes in certain characteristics. White-collar crime is different from general economic crime in that the perpetrators of white-collar crime are of high social, economic and political status and have influence over the formulation and implementation of the law. Finally, the prevention of financial crimes requires a strong set of measures that organizations must implement.

**Keywords**—*Financial Crimes, White-collar Crimes, Crimes of the powerful, Money laundering*

## I. INTRODUCTION

Financial crime and how to combat it is a concern for many governments and international organisations around the world. There are several reasons why it is important to tackle it. First, financial crime, when it becomes known, causes a crisis in stock markets and thus slows down economic growth. They also result in large financial losses for individuals and the companies involved. Finally, they tarnish the reputation of regulators and companies and create fear among investors by discouraging them from investing.

The main aim of this article is to clarify the concept of financial crime and why it is different from other common crimes. The main objective is also to focus on economic crimes committed by people with a higher economic or social status. White-collar crime is the name given to the crimes committed by these

people. Furthermore, this article analyses cases of economic crime and try to identify the reasons why they occurred. Finally, in the context of the article, proposals are made for an effective response to financial criminals.

This article consists of the research methodology, the literature review, including the section on economic and white-collar crime, and cases of white-collar crime that have shocked the global public. Finally, the conclusion section presents the main findings and proposals to tackle financial crime more effectively.

## II. METHODOLOGY

The research methodology is a literature review. This includes the study of international scientific articles, studies by reputable organisations dealing with financial crime and websites of institutions. Special emphasis is placed on the study of current literature, as financial crime is constantly evolving with new techniques.

## III. LITERATURE REVIEW

### A. *Financial Crimes*

Financial crime is a problem in which the illegal money derived from it amounts to 3.1 trillion dollars and this money is moved through financial institutions (Nasdaq, 2024). The term economic crime refers to a range of illegal activities such as fraud, corruption, illegal possession of intellectual property and environmental crimes. For some criminologists it also includes trafficking, drugs, terrorist activities and money laundering (Eurojust, 2025).

The Interpol (2024) study on financial fraud drew some key conclusions about financial crime. These are as follows:

- The main types of financial fraud worldwide are commercial fraud, payment fraud and commercial fraud via email.
- Financial fraud is increasingly dependent on communication media and technology.
- Perpetrators make use of advanced technology, including artificial intelligence.
- The main centers of fraud are located in regions of South Asia, Africa and Latin America.
- Various forms of fraud are combined and cryptocurrencies are also used.

- It is committed by a network of partners who are very well organised or not so well organised.
- Financial crime is often combined with cybercrime and money laundering.
- There is an urgent need to collect information on financial crime organisations in order to deal with them effectively.

The internet plays a catalytic role in the laundering of dirty money derived from financial crimes. Some features - red flags that should concern us are (Saxena, 2024):

- Anonymity: Financial criminals use public internet networks and so it is not easy to be traced through the Internet Protocol address.
- Transactions without physical contact: This makes it easier for people to pretend to be someone else.
- Speed of transactions: Internet transactions are faster and harder for auditors to detect.
- Globalisation of markets and new payment methods: It makes difficult for countries with different legal systems to control transactions.
- Cross-border activity: Internet service providers often operate under a different set of laws from the country where a user accesses the Internet.

Money mules are a common way of facilitating money laundering, where a person receives money in their bank account and passes it on to a third party in cash or another form (Raza, Zhan and Rubab, 2020). Mules are often not involved in financial crime such as drugs and fraud, but their attitude helps organised crime rings to lose their trail. In countries such as Greece, for example, financial crime occurs in football clubs. Financial crimes such as falsified tax certificates, underestimation of ticket revenues, money laundering, player debt, match-fixing and fake player salaries are common in football clubs (Manoli and Antonopoulos 2016).

#### B. *White – collar Crimes and cases*

White-collar crimes are very important and have a significant impact on global prosperity. Sutherland (1940) defines the white-collar crimes as “misrepresentation in financial statements of corporations, manipulation in the stock exchange, commercial bribery, bribery of public officials directly or indirectly in order to secure favorable contracts and legislation, misrepresentation in advertising and salesmanship, embezzlement and misapplication of funds, short weights and measures and misgrading of commodities, tax frauds, misapplication of funds in receiverships and bankruptcies”. White-collar crime appeared in the literature in 1939 and was associated with professionals and government officials. This type of crime is different from other crimes because it is

less violent. On contrary to popular belief and other relevant research, white-collar crimes are characterized by violent techniques that can have particularly dangerous effects on individuals (Brody and Kiel, 2010). These crimes relate to corruption, fraud, proceeds of illegal criminal activities, bank loans. These types of crime can destroy a business or cause great economic damage to many people (FBI, 2025b). White-collar criminals can influence the application of the law and thus their punishment (Sutherland, 1940). White-collar crime is committed by people from higher social classes for personal gain or to benefit the organisation (Filstad and Gottschalk, 2012). Finally, they can do this because they hold a powerful political, economic or social position and can directly or indirectly influence the judiciary, the police, the legislature or the executive.

White-collar crime is different from other types of crime for a number of reasons. White-collar crime is committed by professionals, is well organised, involves deception and misdirection, is motivated by money, uses technology and does not involve violence (Ampluae, 2024). These crimes are difficult to detect and prosecute as they are committed through complex transactions and various technical tools (Sarraf, 2023). Studying the motivations of economic criminals is of interest because it can explain their behavior during and after committing economic crimes. Some of the key motives of white-collar criminals are (Sarraf, 2023):

- The economic gain. The perpetrator uses various illegal techniques to gain money, such as bribery, inside information and fraud.
- The desire for power and control. Many people enjoy committing financial crime because they believe that money gives financial power.
- The pressure to meet financial targets leads many managers to do whatever it takes to achieve them.
- The opportunity they have and the lack of measures and safeguards that could prevent it.
- The gambling addiction that some people have, which leads them to commit illegal acts.

White-collar crime is being studied at a global level. According to research by PWC (2024), the main conclusions are:

- 55% of respondents reported that procurement fraud is prevalent in their country.
- 81% of respondents said that government anti-corruption efforts need to be strengthened or remain static.

There are important and high-profile cases of white-collar crime that have captured the attention of the media and society. The case of the energy company Enron in 2001 was the largest white-collar crime case handled by the FBI. Top executives used accounting techniques to show overvalued assets and higher profits than reality to make the company appear attractive to investors. It has been rumoured since the early 1990s that Enron's inflating techniques were

carried out with the help of Arthur Anderson, one of the world's largest accounting firms. (criminaljustice.com,2020). The investigation was an extremely arduous process, with 1800 witnesses interviewed, over 3000 boxes collected for examination and over 4 terabytes of digital material examined (FBI, 2025a). The result of the investigation showed that the management of Enron, through a network of partners, was showing inflated profits and hiding the real debts of the company.

A major scandal that rocked the US was the KOSS scandal in 2009. The company makes headphones and was founded in 1971. Specifically, the misappropriation of \$34 million over the past 5 years by Sujata Sachdeva a senior financial executive came to light. Some of the main reasons why the fraud was not detected earlier are (Kukreja and Brown, 2016):

- The person in the company was considered a confidant, had been with the company for many years and tried to cover up the scandal with people in the company.
- The fraud was carried out in a number of ways, including payments to suppliers for goods used by Ms Sachdeva.
- Michael Koss did not understand the need for the internal audit function and believed that the safeguards were adequate.
- The external auditors carried out their duties with inexperienced auditors and were content to review bank payment checks.
- Management did not have the authority to review bank prospectuses.
- There was no adequate risk management system in place to effectively identify these risks.

Some other white-collar crimes that have made headlines around the world include (Sarraf, 2023):

- Volkswagen emissions scandal: the company was found to have installed software to show lower emissions than it actually produced. The scandal broke in 2015.
- Bernie Madoff scandal: Bernie Madoff was a stockbroker who defrauded thousands of investors and ran a Ponzi scheme that resulted in investors losing 64.8 billion dollars.
- WorldCom: The company's executives presented a fictitious financial picture that was better than reality, and when the scandal broke, investors lost \$11 billion. The scandal broke in the early 2000s.
- Theranos: This medical device company was accused of failing to deliver the correct results for products it advertised as providing blood test results from a small sample. The scandal broke in 2008.

Finally, two cases of white-collar crime that shocked the US were also the Mackinsey branch in South Africa and the Spanish company Telefonica with a branch in Venezuela. Mackinsey in South Africa was ordered by the US Department of Justice to pay \$122 million for bribing South African government officials

between 2012 and 2016 (U.S. Department of Justice, 2024a). The Spanish company Telefonica (Venezuelan subsidiary) has been ordered to pay USD 85.2 million for bribing Venezuelan government officials to obtain preferential treatment in a dollar currency auction (U.S. Department of Justice, 2024b).

#### IV. CONCLUSIONS

Understanding white-collar criminals is a key goal for other disciplines such as management. Understanding their behavior requires interdisciplinary cooperation and the elimination of divisions between scientific fields (Le Maux and Smaili 2023).

The fight against financial crime is complex and requires coordination and determination. Banks are a key part of the response to financial crime and should invest in mechanisms to prevent financial crime and the advanced artificial means it uses (Nasdaq, 2024). Criminal organisations involved in money laundering are exploiting individuals and using them as money mules. These individuals are low-income people such as students, elderly people and immigrants and are instructed to transfer or give money to a third party for a commission (Raza, Zhan and Rubab, 2020). These individuals are unaware of, or underestimate, the legal consequences of their actions and their obligations to compensate victims of financial crime.

Businesses should adopt best practices to prevent financial crime. This will protect their reputation and assets (Ampluae, 2024). Some measures to combat white-collar crime include (Ampluae, 2024):

- A strong and effective regulatory framework: this framework will act as a deterrent to those considering committing financial crime.
- Effective oversight of the organisation: Modern tools to supervise a company, such as the internal audit function, combined with the use of artificial Intelligence. The use of internal audit is a valuable tool that can assist management in performing its duties effectively and efficiently (kontogeorgis, 2018).
- Corporate governance: Corporate governance can contribute to the good functioning of the business.
- Increased compliance with laws and regulations: This reduces the likelihood of corruption and fraud.
- Technology tools: Use of modern technological tools to ensure continuous monitoring, in some cases around the clock.
- Training: Training employees to detect fraud and increase their knowledge of the consequences of corruption for employees and the company.
- Willingness and attitude to cooperate: the company should communicate and cooperate with the authorities involved in the fight

against fraud and adopt recommended best practices.

- Whistleblower protection: Whistleblowers are a powerful tool in the fight against fraud. Companies should ensure that whistleblower protection is effectively implemented.
- Communication and community engagement: Regulators and audit authorities should campaign on the impact of financial crime and effectively communicate this impact to society.

Prevention is a key tool in the fight against financial crime. Perpetrators of financial crime use sophisticated techniques and carry out complex transactions. For this reason, the fight against financial crime requires the use of modern and effective tools. Internal audit is one such tool. Financial crime and fraud can be significantly reduced by using artificial intelligence in the operation of internal audit. The use of artificial intelligence significantly increases the effectiveness of internal audit (Kontogeorgis, 2025a). Another important tool in the fight against fraud is the protection and an effective framework for the protection of whistleblowers (Kontogeorgis, 2025b). Combating economic crime, and in particular white-collar crime, requires combining highly effective deterrents. For this reason, organisations and businesses should adopt and diligently implement international best practices.

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