

SPEECH BY:

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## OUTLINE OF LAW AND THE HANDICAPPED.

1. PHYSICALLY HANDICAPPED ARE ONE OF THE MOST DISCRIMINATED AGAINST MINORITY GROUPS IN THE COUNTRY. THUS, WE MUST INSURE THAT THIS MINORITY HAS THE SAME RIGHTS AND PRIVILEGES AS OTHER CITIZENS.

2. YOU MIGHT MENTION THE RIGHTS OF THE HANDICAPPED CHILDREN IN NORTH CAROLINA. THE CONSTITUTIONAL RIGHT OF FREE PUBLIC EDUCATION CANNOT BE DENIED TO THE HANDICAPPED.

3. EMPLOYMENT - GOVERNOR'S COMMISSION ON EMPLOYMENT OF THE HANDICAPPED HELPS EDUCATE THE PUBLIC ABOUT WHAT THESE PEOPLE CAN DO. ALSO, COMMISSION FOR THE BLIND AND VOCATIONAL REHABILITATION LEND ASSISTANCE.

STATE PERSONNEL PROHIBITS DISCRIMINATION AGAINST THE HANDICAPPED IN HIRING PRACTICES.

4. SINCE ALL OF US WILL, AT SOME TIME OR OTHER, PROBABLY SUFFER A TEMPORARY DISABILITY OR BECOME MORE DISABLED AS WE GET OLDER, IT IS NECESSARY THAT ALL ENVIRONMENTAL BARRIERS BE ELIMINATED. EXAMPLES THAT YOU COULD USE ARE STEPS GOING INTO A BUILDING, DOORS LEADING INTO BATHROOMS, PROBLEMS OF TRANSPORTATION, THEATRES, STADIUMS AND OTHER GATHERING PLACES. YOU MIGHT USE THE EXAMPLE OF YOUR IN A WHEELCHAIR WHEN YOU TOURED THE STATE BUILDINGS.

5. YOU MIGHT POINT OUT THAT CIVIL RIGHTS LAWS OF THE '60s SHOULD PROHIBIT NOT ONLY DISCRIMINATION AGAINST ACCOMMODATIONS BUT ALSO DISCRIMINATION AGAINST UNEQUAL ACCESS.

6. ANN REED SAID THAT THIS GROUP HAS ALREADY HEARD MUCH OF THE LAW CONCERNING THE NEW BUILDING CODE. AT THE SAME TIME, YOU MIGHT USE SOME EXAMPLES OF WHAT BARRIER-FREE DESIGNS MIGHT MEAN TO THE HANDICAPPED IN THE FUTURE.

7. POINT OUT THAT THE LAST GENERAL ASSEMBLY PASSED A BILL OF RIGHTS FOR THE HANDICAPPED, WHICH ESSENTIALLY STATED THAT THEY WERE ASSURED OF THE FULL AND FREE USE OF VIRTUALLY ALL FACILITIES WHICH ARE PUBLICLY USED. THE LAW ALSO GAVE THEM A EQUAL RIGHT TO EMPLOYMENT AND THE RIGHT TO HABILITATION AND REHABILITATION SERVICES.

8. FINALLY, YOU MIGHT POINT OUT THE BIGGEST NEED IS FOR THE PUBLIC TO BECOME AWARE OF THE PROBLEMS WHICH THE PHYSICALLY HANDICAPPED FACE AND WHAT IS BEING DONE TO RESOLVE THESE PROBLEMS.

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HIDDEN CRIME IN AMERICA; WHITE COLLAR CRIME

WHEN I BEGAN TO THINK ABOUT THE TOPIC OF WHITE-COLLAR CRIME FOR MY PRESENTATION TO YOU HERE TODAY, I REMEMBERED A FAMOUS AMERICAN FOLK BALLAD WRITTEN BY WOODIE GUTHRIE IN THE LATE 1930'S. THE SONG IS THE BALLAD OF "PRETTY BOY FLOYD" AND IN IT, WOODIE GUTHRIE SINGS:

AS THROUGH THIS WORLD I'VE RAMBLED  
I'VE SEEN LOTS OF FUNNY MEN,  
SOME ROB YOU WITH A SIX GUN,  
AND SOME WITH A FOUNTAIN PEN.

WE HEAR FREQUENTLY ABOUT VARIOUS CRIMES OF VIOLENCE; ROBBERY, BURGLARY, ARSON, RAPE, MURDER. BUT WE DON'T HEAR ABOUT VARIOUS CRIMES OF "FOUNTAIN PEN" OR WHITE-COLLAR CRIME - CRIME THAT IS OFTEN UNKNOWN AND UNSEEN AND WHICH ACTUALLY IS MORE COSTLY TO BOTH YOU AND ME THAN CONVENTIONAL CRIMES. OFTEN IT IS RELATIVELY EASY TO APPREHEND AND CONVICT ONE ACCUSED OF A CRIME OF VIOLENCE, BUT IT MAY TAKE YEARS TO PINPOINT WHITE COLLAR CRIMES, ALTHOUGH IT DRAINS MILLIONS AND PERHAPS BILLIONS OF DOLLARS FROM ITS VICTIMS.

WHAT EXACTLY IS WHITE-COLLAR CRIME? TO OBTAIN A CLEAR UNDERSTANDING OF THIS TERM AND ITS IMPLICATIONS, LET US FIRST LOOK AT THE DEFINITION OF WHITE-COLLAR CRIME. THIS IS DEFINED AS ANY CRIME THAT IS "COMMITTED BY A PERSON OF RESPECTIBILITY AND HIGH SOCIAL STATUS IN THE COURSE OF HIS OCCUPATION." WE SHOULD ALSO REMEMBER THAT WHITE-COLLAR CRIMES DO NOT INVOLVE THE USE OF PHYSICAL FORCE.

WHAT MAKES THE AREA OF WHITE-COLLAR CRIMES SO INTERESTING TO EXAMINE IS THAT UP UNTIL THE 1930'S THERE HAD BEEN ALMOST NO STUDIES ON THE SUBJECT. ALL LITERATURE UP UNTIL THAT POINT HAD DEALT WITH ORDINARY CRIME COMMITTED BY WHAT PEOPLE CONSIDER TO BE SOCIALLY DEGENERATE INDIVIDUALS - THOSE WHO CAME FROM A POOR ECONOMIC BACKGROUND - THOSE WHO HAD INADEQUATE SCHOOLING, WHO WERE PRODUCTS OF A BROKEN HOME, OR WHO HAD SUFFERED CHILDHOOD EMOTIONAL INSECURITIES.

IT WOULD BE EASY TO GO ON WITH OTHER STEREOTYPES OF THE BACKGROUND OF A SO-CALLED "CRIMINAL TYPE INDIVIDUAL". HOWEVER, WHITE-COLLAR CRIMES DO NOT FILL ANY OF THESE STEREOTYPE PRE-CONDITIONS. THERE ARE TWO PREREQUISITES TO WHITE-COLLAR CRIME: THAT THE CRIME IS COMMITTED AS AN UNDESIRABLE BYPRODUCT OF ONE'S WORK AND THAT THIS WORK IS OF A PROFESSIONAL NATURE. THROUGH THE YEARS, AS PEOPLE BEGAN TO REALIZE THAT THIS WHITE-COLLAR CRIME WAS WIDESPREAD IN THE VERY SOUL OF AMERICAN BUSINESS, PROFESSIONAL AND POLITICAL LIFE, ITS DEFINITION EXPANDED

CONSIDERABLY. IT IS NOW MORE CHARACTERISTICALLY DOCUMENTED AS AN ILLEGAL ACT OR SERIES OF ACTS WHICH ARE COMMITTED BY NON-PHYSICAL MEANS AND BY CONCEALMENT OF GUILT. THE PURPOSE OF SUCH ACTS IS TO OBTAIN ONE OR ALL OF THE FOLLOWING THREE ITEMS - FIRST, MONEY OR PROPERTY; SECOND, IMMUNITY FROM THE PAYMENT OR LOSS OF MONEY OR PROPERTY; THIRD, BUSINESS OR PERSONAL ADVANCEMENT. THUS, WE CAN UNDERSTAND THAT WHITE-COLLAR CRIME ENCOMPASSES ANY SORT OF PERSONAL GAIN THAT IS ILLEGALLY OBTAINED.

UNTIL THE LATTER PART OF THE 19TH CENTURY, BUSINESS COULD FOLLOW WHAT IS KNOWN AS A LAISSEZ-FAIRE, OR A "DO AS YOU PLEASE" PHILOSOPHY. THEN, WITH THE INCREASING NUMBER OF UNREGULATED BUSINESSES, GOVERNMENT LAWS AND POLICIES WERE SLOWLY ADOPTED TO MAKE VARIOUS PREVIOUSLY PERMISSIBLE ACTS ILLEGAL. RESTRAINT OF TRADE, FALSE ADVERTISING, INSOLVENCY OR THE INABILITY OF BANKS TO PAY OFF DEBTS DUE TO FRAUD, SALE OF NON-EXISTENT SECURITIES, MISUSE OF TRADEMARKS, AND MANY OTHER PRACTICES BECAME ILLEGAL. THUS, WHILE "FOUNTAIN PEN" CRIME WAS NOT NEW IN THE HISTORY OF MANKIND, THIS WAS THE FIRST TIME THAT LAWS AND REGULATIONS WERE ENACTED TO CONTROL IT.

THE STATUTES THAT PROHIBIT SUCH ACTS ARE FOUND IN ANTI-TRUST LAWS, SUCH AS THE SHERMAN ANTI-TRUST ACT OF 1890 OR IN VARIOUS FOOD AND DRUG LAWS SUCH AS THOSE OF THE PURE FOOD AND DRUG ADMINISTRATION. OTHER FORMS OF CONTROL MAY BE SEEN IN THE NUMEROUS SAFETY AND HEALTH LAWS, LICENSING SYSTEMS, AND HOUSING CODES.

NOW THAT WE HAVE DEFINED WHITE-COLLAR CRIME AND LOOKED AT SOME OF ITS LEGAL HISTORY, LET'S STOP TO SINGLE OUT SOME SPECIFIC TYPES OF CRIME THAT COULD BE INCLUDED AS WHITE-COLLAR ONES.

HERBERT EDELHERTZ, PREVIOUS CHIEF OF THE FRAUD SECTION OF THE JUSTICE DEPARTMENT UNDER PRESIDENT JOHNSON, CATEGORIZED OVER SIXTY-ONE FORMS OF WHITE-COLLAR CRIME IN HIS RECENT PUBLICATION ON THE SUBJECT. HOWEVER, HE BREAKS THESE DOWN INTO FOUR DISTINCT GROUPINGS. ONE OF THE MOST FREQUENTLY PUBLICIZED FORMS OF THIS SORT OF CRIME IS EMBEZZLEMENT - WHERE MONEY IS ILLEGALLY TAKEN FOR ONE'S PERSONAL USE THROUGH SOME FORM OF DECEIT.

TAKE FOR EXAMPLE, THE CASE OF A SMALL TOWN BANK PRESIDENT IN EDENTOWN, NEW JERSEY. THIS INDIVIDUAL, WHO EARNED \$22,000 A YEAR AT THE AGE OF THIRTY-NINE, IS SUDDENLY CAUGHT AND CHARGED WITH EMBEZZLING FIVE MILLION DOLLARS.

JUST THIS PAST JANUARY, THE FORMER PRESIDENT OF A BANK IN CARTERSVILLE, GEORGIA, WAS CONVICTED OF SIPHONING OFF 4.7 MILLION DOLLARS IN BANK FUNDS AND GAMBLING MUCH OF IT AWAY. THE CHARGES AGAINST HIM INCLUDED EMBEZZLEMENT, MISAPPLICATION OF FUNDS, AND MAKING FALSE ENTRIES IN THE BANK'S BOOKS.

RIGHT NOW, HERE IN NORTH CAROLINA, (JULY 1973) WE HAVE A SITUATION WHERE A TWENTY-EIGHT YEAR OLD, FORMER ASSISTANT VICE PRESIDENT AND CITY EXECUTIVE OF THE SPRUCE PINE BRANCH OF NORTH CAROLINA NATIONAL BANK HAS BEEN CHARGED WITH MISAPPLYING \$138,000 OF THE BANK'S FUNDS.

SOME OTHER FAIRLY COMMON CRIMES IN THIS SAME CATEGORY, WHEREIN A PERSON ACTS AGAINST HIS EMPLOYER, WOULD INCLUDE CONFLICT OF INTEREST CASES AND THE ACCEPTANCE OF BRIBES OR KICKBACKS.

A SECOND FORM OF WHITE-COLLAR CRIME IS THAT COMMITTED BY A PERSON ACTING ALONE IN A NON-BUSINESS CONTEXT. THE FRAUDULENT PRACTICES ASSOCIATED WITH THIS CATEGORY WOULD INCLUDE LOAN AND CREDIT CARD DECEPTION. ANOTHER EXAMPLE WOULD BE INCOME TAX EVASION.

THE THIRD CATEGORY INCLUDES CRIMES WHICH ARE COMMITTED BY INDIVIDUALS TO FURTHER BUSINESS OPERATIONS BUT AT THE SAME TIME ARE APART FROM THE CENTRAL PURPOSE OF THE BUSINESS. EXAMPLES OF SUCH VIOLATING WOULD INCLUDE THE FAIRLY INNOCUOUS BUT ALL TOO COMMON PRACTICE OF SHORT WEIGHING PRODUCTS, SUCH AS MEATS OR FRUITS IN THE FOOD STORES, ALL THE WAY TO THE GIGANTIC RAMIFICATIONS OF ANTI-TRUST VIOLATIONS WHEREIN ILLEGAL BUSINESS MONOPOLIES OR UNFAIR BUSINESS OPERATIONS TAKE PLACE. HOUSING CODE VIOLATIONS, WHERE A CONTRACTOR PUTS TOO FEW ELECTRICAL OUTLETS, OR TOO FEW DOORS OR IMPROPER EXITS, INSIDE A BUILDING, ALSO FALL WITHIN THIS GROUPING.

THE FINAL DIVISION ENCOMPASSES CRIMES BY AN INDIVIDUAL WHEREIN THEY ACTUALLY ACT TO SUPPORT OR FURTHER THE CENTRAL PURPOSE OF THE BUSINESS OR SOME SPECIFIC ACTIVITY. PHONY CONTESTS, CHAIN LETTERS, HOME IMPROVEMENT SCHEMES, FALSE CHARITIES, INSURANCE AND SCHOOL FRAUDS ARE ALL INCLUDED IN THIS AREA. AND IT HAS BEEN IN THIS CATEGORY ESPECIALLY, THAT WE IN THE NORTH CAROLINA ATTORNEY GENERAL'S OFFICE HAVE WORKED SO HARD TO PROTECT THE CITIZENS OF OUR STATE. I AM SURE MOST OF YOU ARE AWARE OF THE CONSUMER PROTECTION DIVISION. THIS DIVISION, CONSISTING OF ATTORNEYS AND INVESTIGATORS, WORKS FULL-TIME TO SEEK OUT THE FALSE, THE FRAUDULENT, THE PHONY, AND TO PROTECT OUR CITIZENS FROM THEM.

SO FAR WE'VE DISCUSSED SOME EXAMPLES OF WHITE-COLLAR CRIMES, BUT NOW LET'S HAVE A LOOK AT THE MAGNITUDE OF THESE CRIMES, USING ACTUAL DOLLAR FIGURES.

YOU SHOULD REALIZE FROM THE BEGINNING THAT IT IS QUITE DIFFICULT TO ACCURATELY DETERMINE THE FULL EXTENT OF WHITE-COLLAR CRIME SINCE MANY INFRACTIONS GO COMPLETELY UNDETECTED. FOR ORDINARY CRIMES, SUCH AS ROBBERY OR MURDERS, THE FEDERAL BUREAU OF INVESTIGATION ISSUES NATIONAL CRIME STATISTICS IN THE UNIFORM CRIME REPORTS TO DOCUMENT THE EXTENT OF THESE CRIMINAL LAW VIOLATIONS. NO SUCH REPORTS ARE AVAILABLE TO DOCUMENT MANY WHITE-COLLAR CRIMES BECAUSE THERE ARE NO VICTIMS TO REPORT THEM, DUE TO THE SECRET NATURE OF THE CRIMES WE ARE DISCUSSING.

HOWEVER, IT IS ESTIMATED THAT THE ACTUAL LEVEL OF FINANCIAL LOSSES ATTRIBUTABLE TO WHITE-COLLAR CRIME IS BETWEEN 25 AND 40 BILLION DOLLARS A YEAR. TO GIVE YOU ANOTHER FIGURE, THE LOS ANGELES POLICE DEPARTMENT ESTIMATES THAT THE COST OF SUCH WHITE-COLLAR CRIMES AS SHORT WEIGHT FOOD AND GROCERY PRODUCTS, DOOR-TO-DOOR SELLING SCHEMES, FAKE CHARITIES, AND EMBEZZLEMENT COST EVERY MAN, WOMAN AND CHILD IN THIS COUNTRY FIFTY DOLLARS A YEAR.

TO GAIN A BETTER UNDERSTANDING OF HOW EXORBITANT THIS FIGURE IS, NOT ONLY IN TERMS OF DOLLARS BUT ALSO IN TERMS OF THE NUMBER OF CRIMES COMMITTED IN RELATION TO THE OVERT CRIMINAL ACTIONS WE SO OFTEN SEE IN THE NEWSPAPER, I WILL BRIEFLY CITE SOME COMPARATIVE FIGURES.

IN 1967 PRESIDENT JOHNSON'S COMMISSION ON LAW ENFORCEMENT AND THE ADMINISTRATION OF JUSTICE GAVE THE FOLLOWING ESTIMATES COMPARING KNOWN CASES OF SPECIFIC TYPES OF WHITE-COLLAR CRIME WITH KNOWN CASES OF SPECIFIC TYPES OF PROPERTY CRIMES. DISCOVERED CASES OF EMBEZZLEMENT RAN AT A RATE OF 200 MILLION DOLLARS ANNUALLY, WHILE THE TOTAL AMOUNT OF ROBBERIES AMOUNTED TO 27 MILLION DOLLARS; NOW, REMEMBER, THE 200 MILLION DOLLARS WAS A KNOWN FIGURE. ADD TO THAT THE UNKNOWN CASES OF FRAUD, TAX EVASION, EMBEZZLEMENT, AND KICKBACKS AS OTHER SOURCES OF POSSIBLE WHITE-COLLAR CRIME INFRACTIONS AND YOU ARE TALKING ABOUT A FANTASTIC AMOUNT OF MONEY. EVEN IF WE ADDED TO THE 27 MILLION DOLLARS IN KNOWN ROBBERIES, THE AMOUNT OF ALL OTHER BURGLARIES, AUTO THEFTS AND LARCENIES, WE WOULD REACH ONLY ABOUT 50 MILLION DOLLARS. THUS IT IS OBVIOUS THAT WHITE-COLLAR CRIMES IN AND OF THEMSELVES CREATE AN ENORMOUS AMOUNT OF FINANCIAL DISASTER.

VIRGINIA H. KNAUER, FORMER SPECIAL ASSISTANT TO PRESIDENT NIXON FOR CONSUMER AFFAIRS, ESTIMATES THAT ONE BILLION DOLLARS IS SPENT ANNUALLY ON WORTHLESS FOOD, DRUGS

AND COSMETICS, AND SHE NOTES THAT THIS ESTIMATE IS REALLY VERY CONSERVATIVE.

WHILE WE ARE EXAMING VARIOUS FINANCIAL INCIDENTS, LET US BRIEFLY LOOK AT SEVERAL AREAS WHICH MORE CLOSELY TOUCH EACH OF US. SENATOR PHILIP HART OF MICHIGAN, VICE CHAIRMAN OF THE COMMERCE SUBCOMMITTEE ON CONSUMERS, ESTIMATED THAT ACTUALLY 30 TO 40 PERCENT OF ALL CONSUMER SPENDING IS FOR WORTHLESS SERVICES. HE FEELS THAT THIS TRANSLATES INTO APPROXIMATELY 200 BILLION DOLLARS ANNUALLY FOR SERVICES AND GOOD WITH LITTLE OR NO PRODUCT VALUE. THE SENATE JUDICIARY SUBCOMMITTEE ON ANTI-TRUST AND MONOPOLY CITED AROUND 45 BILLION DOLLARS BEING LOST TO THE CONSUMER FROM MONOPOLISTIC PRICING POLICIES INCLUDING EIGHT TO TEN BILLION DOLLARS FOR INADEQUATE, NON-EXISTENT AUTO REPAIRS AND 14 BILLION DOLLARS LOST BECAUSE OF DECEPTIVE GROCERY LABELING.

AS EARLY AS 1941, A STUDY WAS CONDUCTED ON THE COST OF AUTOMOBILE REPAIRS. FOR THAT STUDY, THE INVESTIGATORS DISCONNECTED A FAIRLY OBVIOUS COIL AND THEN PROCEEDED TO TAKE THE CAR IN TO OVER 347 SHOPS IN 48 STATES TO SEE WHAT WOULD HAPPEN NEXT. OUT OF THESE 347 SHOPS, 129 IMMEDIATELY NOTED THE TROUBLE AND CHARGED NOTHING OR MADE SOME SORT OF MINIMAL CHARGE. THE REMAINDER OF THE GARAGES, OR 63 PERCENT, OVERCHARGED, MANY OF THEM ADDING UNNECESSARY ADDITIONAL PARTS.

RECENTLY, A SIMILAR STUDY WAS CONDUCTED BY THE STAFF OF THE WALL STREET JOURNAL, AGAIN USING AN AUTOMOBILE WITH A VERY INSIGNIFICANT PART DELIBERATELY DAMAGED. THE CAR WAS CARRIED TO A TOTAL OF 50 SHOPS, ALL IN HOUSTON, TEXAS. ONLY 12 FIXED THE PART WITH EITHER LITTLE OR NO CHARGE. THE REMAINDER, IN THE OPINION OF THE REPORTERS, GROSSLY OVERCHARGED FOR THE WORK THEY DID. IN ADDITION, OVER 25 PERCENT OF THE SHOPS REPORTED SOME OTHER PART OF THE VEHICLE AS BEING SERIOUSLY DAMAGED AND IN NEED OF REPAIR.

A NEWSPAPER IN NORTH CAROLINA, A FEW MONTHS AGO, RAN A SIMILAR TEST WITH TV REPAIRS. THE RESULTS WERE EQUALLY DISCOURAGING.

THUS FAR I HAVE ONLY TOUCHED ON THE NUMERICAL AND FINANCIAL ASPECTS OF THESE CRIMES. WHILE WE MAY THINK THAT THE KIND OF CRIME WE ARE TALKING ABOUT TODAY IS NOT BEING PHYSICALLY HARMFUL, THIS CAN BE A GRAVE MISCONCEPTION.

WHAT HAPPENS WHEN BUILDING CONSTRUCTORS TAKE SHORT CUTS REPLACING ONE TYPE OF MATERIAL, LET US SAY WHICH MUST BE FIREPROOF, WITH A LESS EXPENSIVE MATERIAL WHICH IS NOT? OR LET US REMEMBER THE ENTIRE FOOD AND DRUG AREA WHERE MANUFACTURERS' NEGLIGENCE MAY RESULT IN SERIOUS ILLNESS OR DEATH ON THE PART OF THE INDIVIDUAL WHO USES OR EATS THE SPECIFIC PRODUCT ... NEED I SAY MORE?

THE VERY ASPECTS WHICH WE LIKE TO ASSOCIATE WITH LIFE IN A DEMOCRATIC GOVERNMENT ARE JEOPARDIZED WHEN A POLICY-MAKER TAKES A BRIBE IN AN EFFORT TO ACQUIRE SOME SORT OF PERSONAL GAIN. ONCE AGAIN, THIS SORT OF SITUATION IS OFTEN DIFFICULT TO DETECT UNTIL YEARS AFTER THE ACTUAL DAMAGE IS DONE, IF THEN. MANY OF YOU ARE AWARE OF THE ON-GOING INVESTIGATION, BEGUN IN JANUARY OF 1972, INVOLVING WHAT WE BELIEVE TO BE ILLEGAL PRACTICES IN THE AREA OF ALCOHOLIC BEVERAGE CONTROL. THERE IS NO NEED TO REITERATE THE UNLAWFULNESS OF A PUBLIC OFFICIAL TAKING MONEY TO LIST AN ALCOHOLIC BEVERAGE FOR SALE, OR FOR ITS CONSPICUOUS PLACEMENT IN AN ABC STORE.

WHY DOES SO MUCH WHITE-COLLAR CRIME TAKEN PLACE? THIS IS AN AREA CURRENTLY BEING SCRUTINIZED BY CRIMINOLOGISTS AND SOCIOLOGISTS WHO HOPE TO DISCOVER NEW POSSIBILITIES FOR PREVENTIVE MEASURES AND NEW DETECTION DEVICES. THEY STILL ARE NOT SURE WHY MANY WELL-TO-DO INDIVIDUALS STEAL, COMMIT FRAUD, ACCEPT BRIBES AND FIX RATES. WE ARE STILL LOOKING FOR ANSWERS.

HOW DOES THE EXECUTIVE OR THE MANAGER WHO IS INVOLVED IN WHITE-COLLAR CRIME VIEW HIMSELF? ONE OF THE BIGGEST FACTORS CONTRIBUTING TO WHITE-COLLAR CRIME SEEMS TO BE THAT THE WHITE-COLLAR CRIMINAL DOES NOT CONSIDER HIMSELF A CRIMINAL AT ALL. A PERSON WHO EMBEZZLES JUSTIFIES THE ACT AS BEING MERELY TEMPORARY TO GET THROUGH A DIFFICULT

PERIOD OF TIME. UNFORTUNATELY THESE ACTS ALL TOO SOON BECOME A HABIT OR A NECESSITY. SOCIETY REINFORCES THIS SELF-IMAGE BY NOT BEING ABLE TO UNDERSTAND AND DEAL WITH THE INCONSISTENCY THAT A BUSINESS LEADER, A "PILLAR OF SOCIETY" MAY ALSO BE IN EVERY SENSE OF THE WORD A "THIEF".

CORPORATIONS OFTEN FURTHER REINFORCE FEELINGS OF ACCEPTANCE FOR WHITE-COLLAR CRIMES BY IGNORING AN EXECUTIVE WHO COMMITS SUCH A CRIME IF IT BENEFITS THE CORPORATION ITSELF. BUSINESS ASSOCIATES WHO ARE ALREADY ENTRENCHED IN WHITE-COLLAR CRIME MAY PUSH FOR OTHERS TO BECOME INVOLVED.

INCREASING PRESSURE, OVER-EXTENDED BANK ACCOUNTS, AND ECONOMIC RECESSION - ALL LEAVE THE DOOR OPEN FOR INFRACTIONS. BANKS OFTEN FAIL TO PROSECUTE OFFENDERS FOR FEAR THE PUBLIC WILL THEN LOSE CONFIDENCE IN THE BANK AND ITS SECURITY MEASURES. CORPORATIONS OFTEN FAIL TO PROSECUTE ITS OFFICERS AND EMPLOYEES, AND IF IT DOES NOT ACCEPT THEIR CONDUCT, WILL THEN JUST RELEASE THEM FROM THEIR EMPLOYMENT WITHOUT GIVING ANY WARNING TO FUTURE EMPLOYERS OF THE EMPLOYEE'S PAST CONDUCT.

LET'S LOOK AT ONE PARTICULARLY LARGE CASE OF WHITE-COLLAR CRIME. ONE THAT MIGHT BE OF SPECIAL INTEREST TO YOU ALL AS YOU ARE IN THE UTILITIES FIELD. THE CASE OF THE ELECTRICAL MACHINERY INDUSTRY'S PRICE-FIXING IN 1960. TWENTY-NINE COMPANIES WERE CONVICTED OF ILLEGALITIES IN THE SALE OF HEAVY EQUIPMENT TO THE GOVERNMENT AND PRIVATE FIRMS. THE COMPANIES HAD DIVIDED UP AREAS FOR EACH OF THEM TO SELL THEIR PRODUCTS IN, THUS NOT GIVING THE PUBLIC THE BENEFIT OF OPEN-PRICE COMPETITION AS SHOULD EXIST UNDER THE FREE ENTERPRISE SYSTEM. IN THIS CASE, SEVERAL OF THE VICE PRESIDENTS OF GENERAL ELECTRIC CORPORATION AND WESTINGHOUSE ELECTRIC CORPORATION WERE ALSO CHARGED WITH CONSPIRATORIAL PRICE-FIXING.

HOW ABOUT THE BACKGROUND OF THESE INDIVIDUALS? ONE OF THE PRIMARY ORGANIZERS WAS EARNING \$135,000 A YEAR, HAD THREE CHILDREN, SPENT HIS FREE TIME AS DIRECTOR OF A BOY'S CLUB, AND ON THE BOARD APPOINTED BY THE GOVERNOR OF THE STATE TO INVESTIGATE THE POSSIBILITIES FOR ECONOMIC EXPANSION OF HIS HOME COUNTY.

ANOTHER CONVICTED EMPLOYEE WAS A DEACON OF HIS CHURCH, AS WELL AS AN ACTIVE MEMBER OF THE CHAMBER OF COMMERCE AND THE BOARD OF THE LOCAL HOSPITAL. ALL IN ALL THEY HAD SPOTLESS RECORDS AND CERTAINLY WERE WELL-ESTABLISHED AND RESPECTED IN THEIR COMMUNITY. THEY EXPLAINED THEIR ACTIONS AS ACTS OF ALTRUISM TO HELP "STABILIZE" PRICES. HOWEVER, THEY KNEW WHAT THEY WERE DOING BECAUSE, AS THE COURT CASE BROUGHT OUT, THEY USED CODE NAMES FOR THEIR

OPERATIONS, MET IN OBSCURE LITTLE TOWNS, FALSIFIED TRAVEL VOUCHERS, ETC. THERE IS NO DOUBT ABOUT IT; THESE MEN KNEW THEY WERE BREAKING THE LAW.

THE FEDERAL COURT FINES RESULTING FROM THIS CASE TOTALED SOME \$1.9 MILLION AGAINST THE COMPANIES. OF THE COMPANY EXECUTIVES INVOLVED, SEVEN WERE FINED, SEVEN GOT 30 DAYS IN JAIL, AND THE REMAINING 24 RECEIVED SUSPENDED SENTENCES. IN REVIEWING SIMILAR CASES, ONE CANNOT HELP BUT NOTE THAT THIS ELECTRIC EQUIPMENT CASE WAS ACTUALLY UNUSUAL IN THE SEVERITY OF THE FINES IMPOSED FOR THE WHITE-COLLAR CRIMES; FREQUENTLY, THERE ARE NO FINES OR JAIL SENTENCES AT ALL. IN SPITE OF THE MAGNITUDE OF THEIR CRIMES, THESE INDIVIDUALS JUST ARE NOT CONSIDERED CRIMINAL OFFENDERS.

LET'S GO BACK TO THE BANK PRESIDENT FROM GEORGIA THAT I MENTIONED TO YOU EARLIER IN MY TALK. CONVICTED OF STEALING 4.7 MILLION DOLLARS IN BANKS FUNDS, AND BY THE WAY, HAVING GAMBLED MOST OF IT AWAY IN POSH CASINOS AROUND THE WORLD, THE BANK PRESIDENT PLED GUILTY. HE COULD HAVE BEEN GIVEN 300 YEARS IN PRISON AND FINES OF \$300,000. HE WAS ONLY SENTENCED TO 10 YEARS IN PRISON. AFTER SENTENCING, THE JUDGE TOOK UNDER ADVISEMENT A MOTION THAT THE FORMER BANKER BE ELIGIBLE FOR PAROLE WITHIN 30 DAYS.

LET'S THINK ABOUT THAT SENTENCE. TEN YEARS. YET IN NORTH CAROLINA, IF YOU OR I WERE TO STEAL \$470, ONE TEN-THOUSANDTH OF THE AMOUNT EMBEZZLED BY THAT BANK PRESIDENT, USING A GUN INSTEAD OF A PEN, WE COULD RECEIVE UP TO 30 YEARS IN PRISON FOR ARMED ROBBERY. LET ME GIVE YOU ANOTHER EXAMPLE HERE IN OUR STATE. RECENTLY, AN EMPLOYEE OF ONE OF OUR LOCAL TELEPHONE COMPANIES WAS INDICTED FOR EMBEZZLING \$1,200. HE WAS CHARGED WITH HAVING, BY FALSE PRETENSES, BILLED HIS TELEPHONE COMPANY FOR GOODS WHICH IT NEVER ORDERED OR RECEIVED. HE THEN WOULD RECEIVE THE CHECK BACK FROM THE INDIVIDUALS TO WHOM IT WAS SENT. THE MAN PLEAD GUILTY AND WAS SENTENCED TO TWO YEARS, RECEIVED A SUSPENDED SENTENCE AND WAS PLACED ON PROBATION FOR THREE YEARS. HE WAS FINED \$500 PLUS COURT COSTS AND ORDERED TO MAKE RESTITUTION TO HIS COMPANY IN THE AMOUNT OF \$1,200.

NEEDLESS TO SAY, HE LOST HIS JOB AND HAD TO MOVE TO A NEW AREA, WHERE IT IS NOW OUR UNDERSTANDING HIS SALARY AND RESPONSIBILITIES ARE CONSIDERABLY LESS THAN WHEN HE WAS WITH HIS FORMER EMPLOYER. NOT ONLY WAS HIS EMPLOYMENT ENDED, BUT SO HIS STANDING IN THE COMMUNITY. WAS

IN CONCLUSION, I EMPHASIZE THAT I DO NOT BELIEVE THAT ALL BUSINESSMEN, PROFESSIONAL PEOPLE AND POLITICIANS, ARE CRIMINALS. THEY ARE NOT AND MOST CONDUCT THEIR AFFAIRS ON A HIGH ETHICAL BASIS. WHAT I AM SAYING IS THAT WE MUST RE-EXAMINE OUR ATTITUDE TOWARD THOSE WHO DO NOT AND

RECOGNIZE THE TREMENDOUS IMPACT OF THEIR CRIMINAL ACTIVITY UPON OUR SOCIETY AND ECONOMIC SYSTEM.

AS BUSINESSMEN AND LEADERS ACROSS OUR STATE AND SISTER STATE OF VIRGINIA, THERE WILL BE A HEAVY BURDEN UPON YOU TO DEAL FAIRLY AND ACCURATELY, NOT ONLY WITH OTHER BUSINESSMEN BUT WITH THE PUBLIC IN GENERAL. DO NOT TOLERATE THE ATTITUDE OF THOSE WHO ARE OUT TO MAKE A QUICK DOLLAR AT THE EXPENSE OF THE PUBLIC. BELIEVE ME, MY EXPERIENCE AS CHIEF LAW OFFICER FOR THE STATE OF NORTH CAROLINA HAS SHOWN ME TIME AND TIME AGAIN THAT AN HONEST BUSINESSMAN, WHO DEALS FAIRLY WITH THE PUBLIC, WILL REAP GREATER REWARDS THAN THOSE WHO LOWER THEMSELVES TO COMMITTING FRAUDULENT PRACTICES ON THE PUBLIC. AND I KNOW THEY HAVE MORE PEACE OF MIND.

IN MY OPINION NO ASPECT OF AMERICAN SOCIETY IS MORE HYPOCRITICAL THAN OUR EAGERNESS TO CONDEMN "SIX-GUN" CRIMES WHILE CONDONING THE "FOUNTAIN PEN" CRIMES WE HAVE JUST DISCUSSED. I URGE YOU AS LEADERS TO HELP CORRECT THIS ATTITUDE.

IN ADDITION, I URGE YOU AS COMMUNITY LEADERS TO PURSUE CAREERS CHARACTERIZED BY INTEGRITY AND FAIR-DEALING. YOU, THROUGH YOUR EXAMPLE, CAN STRENGTHEN THE FREE ENTERPRISE SYSTEM IN OUR COUNTRY AND PREVENT THE KIND OF EROSION OF CONFIDENCE WHICH WHITE-COLLAR CRIME PRECIPITATES.