

5-2014

Deterring Fraud: Police Investigations into Embezzlement

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DETECTING FRAUD: POLICE INVESTIGATIONS
INTO EMBEZZLEMENT

By

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Honors Thesis submitted in partial fulfillment

for the designation of Department Honors

Criminal Justice

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May 2014

Table of Contents

Chapter 1: Abstract.....	3
Abstract.....	3
Chapter 2: Introduction.....	4
Introduction.....	4
Chapter 3: Review of the Literature.....	6
Definitions of Embezzlement.....	6
Social Costs.....	6
Context of the Crime.....	8
Deterrence Theory.....	11
The Role of Police.....	15
Aims of the Study.....	18
Chapter 4: Methods.....	20
Methods.....	20
Chapter 5: Findings.....	24
Findings.....	24
Chapter 6: Discussion and Conclusions.....	56
Discussion and Conclusions.....	56
LVMPD/Business Policy Implications.....	59
Study Limitations.....	61
Future Research.....	63

References.....65

CHAPTER ONE: Abstract

Abstract

Embezzlement is a highly disruptive crime that comes with a large negative societal impact. This study was a secondary data analysis of embezzlement data from the Las Vegas Metropolitan Police Department for the years 2012-2013. Clearance rates were calculated and analyzed for general fraud related calls for service and for embezzlement cases specifically in order to determine what clearance rates were for the Las Vegas Valley and see if they are comparable to the national average. Data was analyzed within pie and bar charts to determine if the LVMPD is effectively solving embezzlement cases and see if cases with particular characteristics are more likely to be solved, and theoretically deterred by the police.

The main findings were that the police have achieved higher clearance rates for misdemeanor cases when compared to felony cases. Additionally, the police have achieved the highest clearance rates for embezzlement cases taking place within the context of a retail business/grocery when compared to cases taking place in offices, monetary establishments, and restaurant/bars. Embezzlement cases taking place within the context of offices had the lowest clearance rates associated with them, and theoretically had the least deterrent effect. The number of fraud-related calls for service from 2006-2013 suggest a link to the economic recession with a peak in 2008. Stable clearance rates for general fraud from 2006 to 2013 coupled with a sizable decrease in 2008 suggests that these financial crimes are not an area of emphasis during recessions. Policy implications are suggested and areas of future research are recommended.

CHAPTER TWO: Introduction

Introduction

The following thesis is about white collar crime, generally and embezzlement specifically. Embezzlement can be defined as a theft that takes place within the context of trust. The offender takes advantage of a position of trust and allocates money from the possession of the victim to his or her own possession, generally with the intention of personal gain. Embezzlement is an example of a white collar crime that has profound, negative societal impacts, costing enormous sums of money and leading to other incalculable negative damages. It is important to try to mitigate the ill effects of this crime on society. Measures can be taken and crime reduced if embezzlement is looked at through a framework of criminal deterrence theory.

Deterrence theory holds that criminals are rational thinking and that they weigh the benefits of committing crime against the certainty of being apprehended by the justice system. Looking at embezzlement through this deterrence framework places value on the tools of measurement used to see how successfully crimes are solved by police. Clearance rates give this measurement. By increasing clearance rates, at least theoretically, the police can prevent future crime by raising the certainty level of apprehension. A larger embezzlement clearance rate would decrease offender confidence that they could get away with the crime. This would lead to successful deterrence of future embezzlement situations.

A study to see how effectively embezzlement cases have been solved over the years is highly appropriate to provide a framework through which to view the efficacy of

the Las Vegas Metropolitan Police Department's efforts to apprehend embezzlers and subsequently deter this crime in the future. The following study is a secondary analysis of Las Vegas Metropolitan Police Department data (LVMPD), to examine embezzlement clearance rates and allow for a comparative study of embezzlement clearance rates within different contexts. Embezzlement data from the year 2012 and 2013 along with calls for service for fraud cases in general was obtained from the LVMPD. Clearance rates were calculated from this data and analyzed in pie and bar charts.

The study at hand is a highly unique one in nature. This particular dataset has not been analyzed to this degree. The Las Vegas Metropolitan Police Department deals mainly with street level offenses, and embezzlement is not an area of focus. This particular study generates new knowledge, providing insight into how effectively Las Vegas police have been at solving embezzlement crimes and giving an idea what types of embezzlement cases are more effectively solved by the police. Embezzlement clearance rates within different contexts were analyzed and compared to generate these conclusions.

Additionally, fraud related clearance rates, in general were analyzed to provide scope to the study. Data was analyzed to determine the characteristics of cases of embezzlement most likely to lead to an arrest. After calculation and analysis, future policy implications were recommended for the LVMPD. After a comprehensive literature review on the topic of embezzlement, the methods are discussed and explained. Finally, the findings are articulated and future policy implications suggested.

CHAPTER THREE: REVIEW OF THE LITERATURE

Definitions of Embezzlement

According to the Federal Bureau of Investigation, white collar crime is defined as “. . . those illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent upon the application or threat of physical force or violence” (USDOJ, 1989, p. 3). Embezzlement is an example of a white collar crime that plagues our society. The FBI’s Uniform Crime Reports defines embezzlement as “The unlawful misappropriation or misapplication by an offender to his/her own use or purpose of money, property, or some other thing of value entrusted to his/her care, custody, or control” (Part II Offenses). This definition of embezzlement alludes to the embezzler’s position of trust and points to the blatant violation of the expectation of professionalism of the person from whom the property is received. According to Jacobs (2010), in his commentary on Donald Cressey’s *Other People’s Money*, a person is classified as an embezzler upon the meeting of two requirements: “1) The person must have accepted a position of trust in good faith, and 2) he must have violated the trust by committing a crime” (p. 464). This definition of embezzlement is consistent with the notion that the embezzler takes advantage of his/her position to exploit the people who entrusted to him/her the property.

Social Costs

Embezzlement is an example of a white collar crime that has a profound impact on society. It is a crime that, by principle, undermines our capitalist system and, if left unchecked, degrades the fabric of our society based on honest labor and trust in the

workplace. The social costs of embezzlement are astronomical and complex. According to the Association of Certified Fraud Examiners (2012), small businesses are significantly threatened by occupational fraud, and an estimated 5% of annual revenues for the typical organization are lost as a result of occupational fraud. They also indicate that losses due to occupational fraud are tremendous and that the financial burden placed on businesses to cope with these crimes is overwhelming.

The entire societal impact is difficult to estimate since loss of trust and emotional pains do not directly equate to calculable monetary values. According to Ford (2007), the social harm associated with white-collar crime can be measured but not with exact precision. Perri (2011) cites Ford's *White-Collar Crime, Social Harm, and Punishment: A Critique and Modification of the Sixth Circuit's Ruling in United States v. Davis* and says that "White-collar crimes cause substantial social harm by undermining the economy, exacerbating the divide between poverty and wealth, eroding trust, and depriving individuals of time and resources"(218).

Embezzlement's prevalence in society affects the economic well-being of people, small businesses, and large corporations alike. According to Jason Boone of the National White Collar Crime Center (2010), throughout history, embezzlement has been one of the most common white collar crimes. He also reports that in the U.S. "the estimated annual costs of all forms of embezzlement are up to \$400 billion" (p. 1). Financial costs of embezzlement are truly troubling, as are the social implications of this crime. In order to prevent embezzlement, it is imperative to understand why people embezzle in the first place.

Context of the Crime

Theorists suggest that specific contexts influence the likelihood of embezzlement, and ultimately many factors contribute to one's criminal behavior. Riemer (1941) points to three factors that contribute to an individual's decision to embezzle. These factors include the following:

- the social pull: the opportunity for an individual to embezzle
- the social push: the emergency situation compelling an individual to embezzle; e.g., extreme financial troubles, unstable or declining career
- the psychopathological element involved: factors unique to the individual that have led a person to embezzle; e.g. paranoia, alcoholism (p. 1).

Embezzlers are similar to other offenders in that the situation surrounding the criminal act itself plays a significant role in whether or not the person will commit the crime. According to Riemer (1941), there are certain situational contexts that are conducive for the criminal to embezzle, and these circumstances may bring about conditions that allow an embezzler to more easily justify criminal activity. According to Riemer (1941), the opportunity for embezzlement must be available before the crime can occur. The person's position of trust within an organization provides this opportunity element in cases of embezzlement. Others may merely see embezzlement as an act so thoroughly engrained into their daily routines that they steal and do not think twice about it. Their jobs provide easy opportunities for theft, and they have learned to take advantage of these opportunities. According to Cressey (1965), embezzlement is a natural development and response to society becoming more and more reliant on commercial transactions and business. This process of commercialization puts more people in

positions of trust; people begin to depend on each other to do business, and the frequency of business transactions increases. Business owners trust their employees with funds and property so that they can continue to expand and make profits. These situations make embezzlement possible. Our capitalist economy depends on self-reliance. It is important for people to work in their own self-interest, and in doing so, everyone benefits.

Embezzlement may be the response of some people who wish to live the American dream of wealth in this highly competitive economic structure. Individuals may take advantage of their positions of trust to benefit financially at the expense of others. These situations exemplify a spirit of competition of an unhealthy degree, resulting from a grossly extreme interpretation of capitalistic ideals. Our economy and way of life is based on hard work, and the rewards that come with it, namely monetary compensation. People work hard, and expect to be financially rewarded for their work. Not all people, whether it is because of lack of education or resources, are given the same opportunities to thrive and make money. According to Pogrebin, Poole, and Regoli (1986), our society has an emphasis on money, but it does not provide equal opportunity structures for the attainment of money. People who have been successful embezzlers often have been good employees in businesses, having risen to positions of trust. Good employees in business are put in better positions to take advantage of others. People who are successful in business have opportunities to embezzle, because they have interactions with coworkers and clients alike, both of whom have trusted them with money. These white collar criminals seem to be working within the confines of legitimate businesses, but instead use illicit means to attain personal gain. Keeping this in mind, it is necessary to acknowledge that a large number of embezzlers are low level employees who are stealing from their

bosses. Our society's emphasis on monetary gain may cause blue collar workers to resort to theft to acquire wealth, if they feel that they have hit a ceiling and are not improving their positions within their occupations. These conditions in place may cause employees to steal from their unsuspecting bosses.

Riemer (1941) identified several factors that make embezzlement more likely, including economic desperation due to poverty, a declining career which may lead to a reduction in quality of life, and career insecurity. When there is a change in conditions that threatens a person's level of wealth and security, a person may resort to embezzlement to maintain their status and the lifestyles to which they are accustomed. In the context of a business, Dittenhofer (1995) says that fraud may occur when an employee feels wronged by their employer and commits theft as retribution for ill-treatment. This is done to preserve self-esteem. Hochstetler, Kerley, and Mason (2002) find that "high rates of poverty and divorce are strong predictors of embezzlement, yet high rates of unemployment and inequality, and high concentrations of African Americans do not significantly predict rates of embezzlement" (12). Peterson (1947) attributes some of the motivations to embezzle to gambling and inadequate income. Supporting a risky habit such as gambling requires a certain amount of funding, because money is needed to allow the person to indulge in his/her habit. Running low on money, coupled with the desire to maintain a lifestyle or support a habit could prompt a person to seek illegitimate means to attain income. Dittenhofer (1995) says that fraud may occur when

...the individual is faced with financial requirements that cannot be normally handled. However, he or she is in a position to divert cash to his or her own use.

The need is there, the temptation caused by accessibility of funds is there, and the individual takes the needed money, hoping eventually to repay it. (p. 13)

A person's decision to embezzle involves psychological processes coupled with these situational factors. According to Cressey (1965), embezzlement involves three kinds of psychological processes:

...the feeling that a personal financial problem is unshareable; the knowledge of how to solve the problem in secret, by violating a position of financial trust; the ability to find a formula which describes the act of embezzling in words which do not conflict with the image of oneself as a trusted person. (p. 14)

Cressey (1965) defines an unshareable financial problem as one where an individual feels that they are unable to access any legitimate funding source. The formula for describing embezzlement involves the use of rationalization techniques that permit the offender to justify behavior that clearly violates his position of trust.

No matter what the reasons are that people embezzle, Peterson (1947) explains that the "motive or desire to steal will consciously or unconsciously be weighed against the risk of prompt detection. Proper accounting systems with checks and balances and efficient personnel supervision will serve as a deterrent against employee dishonesty" (p. 7). For any crime or illicit behavior, the offender must decide whether or not it is worth the risk to commit the act itself. Hochstetler, Kerley, and Mason (2002) say that "Embezzlers, though technically white-collar offenders, share many similar characteristics with street-level offenders...structural factors that predict aggregate rates of street-level crime may also predict rates of embezzlement" (8). Street and white collar

offenders can be deterred from crime if the likelihood of punishment is significant.

Cheney (2007) discusses the work *Choosing White Collar Crime* by Neal Shover and Andrew Hochstetler. Cheney (2007) says

...as with all choices, criminal ones are said to be a decision-making process in which individuals assess options and their potential net payoffs, paying attention particularly to potential aversive consequences. The possibility of arrest and punishment is presumably prominent among these (p. 1).

Despite the complex reasons for embezzlement and the push and pull factors that ultimately lead a person to choose to commit these crimes, people can be deterred from committing such acts if punishment is certain. Deterrence theory outlines factors that make people decide against embezzlement, despite the various forces and situations that seem to strengthen the desire to commit these illegal behaviors.

Deterrence Theory

Deterrence theory suggests that criminals calculate whether a crime is worth committing by weighing its benefits and rewards against the probability of apprehension by the justice system. Sitren and Applegate (2012) say that “Any individual may be deterred from future offending by a combination of personal experience—being punished him or herself—and vicarious experience—learning about punishments imposed on others. Moreover, personal and vicarious experiences with avoiding punishment for criminal behavior will increase future tendencies to offend” (492-493). Deterrence can refer to general or specific deterrence. Brennan and Mednick (1994) say that “General deterrence theory asserts that punishment given to criminal

offenders will deter other members of society from offending. Specific deterrence theory states that punishment given to criminal offenders will deter those particular offenders from future criminal activity “(430). Actual deterrence accounts for the real deterrent effect achieved by a punishment or circumstance. Paternoster and Bachman (2012) say:

Deterrence theory posits that the actual practices of the criminal justice system, or what is known as the objective properties of punishment, affect would be offender’s decisions by way of the perceptual properties of punishment. The idea behind perceptual deterrence theory is that the perceived certainty, severity, and celerity of punishment are inversely related to the decisions by would-be offenders to commit crimes.

What the offenders perceive to be the risk associated with a criminal act will dramatically impact his/her decision to go through with the act. Increased perception of risk gives rise to a decreased likelihood of the criminal act. Conversely, smaller perception of risk gives rise to a lower perceptual deterrence, because the individual has less risk and less fear of apprehension. This type of deterrence reigns true for both street and white collar offenses.

Deterrence theory is extremely important and appropriate when discussing criminal activity especially as it relates to white collar crime. White collar crimes are distinct from other crime types in that the individual typically lacks a negative, criminal, self-image. A person who sees their activities as necessary or noncriminal would be more inclined to offend, and would have an increased propensity to justify their actions, when compared to a typical offender with a criminal self-image. Arnulf and Gottschalk

(2013) wrote about white collar criminals as “seemingly resourceful people who would not so easily be detected, not prosecuted if detected, or less likely to be imprisoned if prosecuted—in short, an elite in society and in crime” (96). These white collar criminals are able to attain additional sources of illicit income through embezzlement and fraudulent circumstances, by taking advantage of positions of trust. Stotland (1977) says “White collar crimes can be loosely, i.e., nonlegalistically, defined as theft by use of concealment, guile, fraud—basically by a misuse of trust” (183). Embezzlers view their actions as worthwhile and see the benefits of the crime as outweighing the likelihood of apprehension. People are deterred from committing crimes if punishment is certain, swift, and severe. According to deterrence theory, a person who would otherwise be motivated to embezzle will refrain from the crime if they feel that detection and punishment are certain. Mendes (2004) says

Either by raising the certainty that a criminal will be punished—through the increased probability of arrest and/or the probability of conviction of those arrested—or by raising the severity of punishment through extended time served in prison, a government should be able to reduce the crime rate in its jurisdiction. (p. 59-60)

Certainty of punishment is the most important factor a criminal considers when deciding whether or not to participate in any given criminal act. Research by Pratt et al. (2006) finds that “certainty of punishment estimates...do the best when predicting white-collar” types of offenses (e.g., fraud, tax violations, non-compliance with regulatory laws) (p. 384). According to Jacobs (2010), “Crime occurs when the expected rewards

outweigh the anticipated risks, so increasing the risks, at least theoretically, will prevent most crimes in most circumstances”(p. 417-441).

Deterrence theory assumes that human beings are rational creatures that weigh the benefits of crime against the costs of getting apprehended. White collar criminals specifically, who take advantage of positions of trust, are heavily influenced by the perceived risk of being caught, so an analysis of criminal deterrence from the perspective of perceived risk is highly appropriate.

The Role of Police

Police represent the first point of contact for most offenders within the criminal justice system. As such, police play an important role in deterring crime. Police and the criminal justice system as a whole can deter potential embezzlers from theft by making it clear that those who engage in such acts will be apprehended and receive swift and severe punishments. Police play a pivotal role in this regard because arresting embezzlers serves as a reminder to other potential embezzlers that their acts will not go unpunished. Paternoster (2010) explains that the role of enforcement is to catch wrong-doers and to convince would-be wrongdoers that there is a risk of being caught and punished if they choose to commit a crime.

Since police are the “gatekeepers” of punishment, police clearance rates represent one important indicator of the certainty of punishment for any particular crime. Hoffman (1971) notes, “...police clear a crime when they identify the offender, have sufficient evidence to charge him and actually take him into custody” (p. 167). Clearance rates represent the amount of crime solved by police. According to deterrence theory, the

clearance rate impacts the crime rate, because a higher clearance rate indicates a greater certainty for punishment. Based on Deterrence theory, a higher clearance rate for a specific crime should result in a lower prevalence of that crime, because people fear apprehension. By increasing the likelihood of apprehension for embezzlement, there is a greater certainty of punishment, and police officers will theoretically deter future embezzlement crimes. Increasing the likelihood of having a case solved signals an increase in police effectiveness when dealing with crime. Perceptual deterrence, or an offender's perception of risk associated with specific criminal acts, inevitably increases as certainty of punishment increases. Police activity certainly affects people's perception of the certainty of punishment. Waldo and Chiricos (1972) wrote on the social psychological theory of threat communication, or perceptual theory of criminal deterrence. There is an inverse relationship between perceived certainty of punishment and the decision to commit crime. When a person gets apprehended for a crime, especially in the workplace, other people will see that their coworker was caught. When a person is caught for theft and they are in a particular context, other people within that context are made aware that the person was apprehended. Additionally, word of mouth spreads the news that a person was caught for a particular crime, and this gives direct support for the existence of a risk of capture associated with participation in criminal behavior. People around the workplace talk and observe the misdeeds of others and the negative outcomes that result, and certainty for punishment is increased. Increased risk of detection associated with a crime decreases offender confidence that the crime will go unsolved. This, in turn, should lead to an actual deterrent effect. Viewing a criminal scenario through the framework of Deterrence theory is especially appropriate and

practical when doing an analysis of clearance rates and dealing with the likelihood of criminal apprehension.

Sullivan (1985) notes that different crimes have different clearance rates. The FBI (2011) indicates that different criminal scenarios can give rise to increased or decreased ability for police officers to apprehend criminals, with the clearance rate being typically higher for violent crimes than property crimes. Sakiyama (2010) found that “In Nevada, clearance rates are higher for violent crimes (43%) than for property crimes (21%). The highest clearance rate in the state is for murder (80%) and the lowest is for motor vehicle theft (7%)” (p. 1). According to Sakiyama (2010),

Among violent offenses, Nevada’s clearance rate was higher than the national average for murder (80% versus 67%), but lower than the national rate for rape (24% versus 41%) and aggravated assault (51% versus 57%). Among property offenses, Nevada’s clearance rate is generally below the national averages for burglary (11% versus 13%), motor vehicle theft (7% versus 12%), and arson (13% versus 19%), but higher than the national rate for larceny (29% versus 22%). (p. 2)

Tied to the variability in clearance rates for different crimes is the notion that cases with different characteristics are more likely to be cleared. This is exemplified by the fact that white collar crimes, in general, involve deceit and trust, and therefore victims often do not know they are being victimized or are not as likely to report it. As such, it is possible to deduce two conclusions concerning embezzlement incidents. First, embezzlement clearance rates are likely different from other crime types. Second, certain case

characteristics increase the likelihood of apprehending embezzlement offenders. Factors such as type of business and amount of money embezzled could influence the likelihood of apprehension. These situational case factors may influence motivation for and magnitude of illicit behaviors.

Aims of the Study

According to Barnett, the average U.S. embezzlement clearance rate is 38.37%. According to deterrence theory, if this rate was higher, there would be less embezzlement because potential embezzlers would be deterred from committing the crime due to increased certainty of punishment. Conversely, if the rate were lower, there would be more embezzlement because fear of apprehension would decrease among potential embezzlers.

This study will focus on embezzlement in Las Vegas, Nevada. The Nevada Revised Statutes (NRS) embezzlement definition is as follows:

Any bailee of any money, goods or property, who converts it to his or her own use, with the intent to steal it or to defraud the owner or owners thereof and any agent, manager or clerk of any person, corporation, association or partnership, or any person with whom any money, property or effects have been deposited or entrusted, who uses or appropriates the money, property or effects or any part thereof in any manner or for any other purpose than that for which they were deposited or entrusted. (NRS 205.300)

The aim of the study is to determine the degree to which the Clark County, Nevada justice system is effective in deterring embezzlement through certainty of

punishment. This study gets at the general deterrence (on the public) achieved by the efficiency of law enforcement to apprehend criminals, thus increasing certainty of punishment. The study attempted to answer the following questions: 1) What is the clearance rate for embezzlement in Las Vegas, NV? 2) What is the clearance rate associated with the general category of fraud-related white collar crime in Las Vegas, NV? 3) Are police more effective in deterring specific types of embezzlement cases?

CHAPTER FOUR: METHODS

Methods

When a call for service related to embezzlement occurs, it is classified as “fraud” within the LVMPD’s CFS database (in addition to other types of offenses). Looking at this general category allows for examination of fluctuations in the number of calls and the clearance rate for white-collar crime offenses, in general, before examining embezzlement specifically. The research questions are answered through a secondary data analysis of Las Vegas Metropolitan Police Department (LVMPD) crime data. The number of LVMPD fraud-related calls for service from the year 2006-2013 is presented in a line graph and organized in a way to see whether or not calls for service have increased or decreased over time. Fraud is being looked at to compare embezzlement numbers and clearance rates to a broader category of white collar crime. Table 1 shows the different types of calls that are classified as fraud.

Table 1: Types of Calls Classified as Fraud

- | |
|--|
| <ul style="list-style-type: none">• Identity Theft• Embezzlement• Giving False Information• Using a Fake or Fraudulent Card |
|--|

To further assess the effect of arrests (i.e., certainty of punishment) on future offending, correlations between the number of calls for service that occurred in a single year and the previous year's clearance rate (1-year lag) are presented in a table. These values were placed into a table alongside percentage change for each one from 2006-2013. It was determined whether a deterrent effect can be identified through visual inspection of crime and clearance rate fluctuations.

LVMPD data is used to analyze embezzlement clearance rates and compare embezzlement clearance rates of different types of embezzlement cases in Clark County. LVMPD embezzlement clearance rates for 2012 through 2013 were calculated and analyzed. Complete and accurate LVMPD embezzlement data were not available prior to 2012. Pie charts were made outlining the percentage of embezzlement cases cleared, or solved by police. Within these pie charts there are also the categories "open" and "closed." Open cases for the purposes of this study are active cases without arrests that are still being investigated. Cleared cases are those cases where an arrest is made or a citation is issued. Citations are issued when an officer shows up to a location, does not make an arrest, but issues and files a punitive document. Closed cases are those cases not considered solved, but are closed for a variety of other reasons. These reasons may include by exception, denied by DA, insufficient evidence, leads exhausted, no contact from victim, submitted, other jurisdiction, victim refused, zeroed, and civil matter/noncriminal. Closed-zeroed means that there is nothing to follow up on, meaning that there are no leads, no witnesses, etc. These types of cases seldom even get to a detective. Closed-submitted means that the case was submitted to the DA for a warrant.

Clearance rates for embezzlement cases from the years 2012 to 2013 are obtained by dividing the number of cleared cases by the total number of cases of each case type. Embezzlement incident reports were used to perform this analysis. Clearance rates for felony and misdemeanor cases are calculated and analyzed. A felony embezzlement case is one where the amount stolen is above \$650. A misdemeanor embezzlement case is one where the amount stolen is below \$650. The clearance rates for felony and misdemeanor embezzlement cases have the following numbers for 2012: felony: n= 302, misdemeanor: n=130. These rates were compared to the 2013 rates for felonies and misdemeanors which have the following numbers: felony: n=244 and misdemeanor: n=108. Felony cases also may include a victim over 60 or a “willful misapplication of money.” This “willful misapplication of money involves the deception of a bank or officer of a bank. These are felony cases when the amount misapplied is over \$650.

Additionally, embezzlement clearance rates were calculated for embezzlement cases for retail businesses/grocery (n=196 for 2012 and n=157 for 2013) such as JC Penney’s or Sears, offices including medical offices (n=110 for 2012 and n=102 for 2013) such as Advanced Chiropractic or Public Storage, monetary establishments (n=23 for 2012 and n=12 for 2013) such as banks, loan facilities and casinos, and restaurants/bars (n=35 for 2012 and n=27 for 2013). Offices for the purposes of this study are any business office that is not a retail business/grocery. For location cases, 2012, there were 68 missing cases, and in 2013, there were 54 missing cases. Clearance rates for these case types were recorded for each year in pie charts and analyzed and then compared year by year from 2012-2013 using bar graphs. Bar graphs were made that

compared each embezzlement type to one another for the same year and were used to analyze clearance rates across categories for the same time period.

Analysis of clearance rates indicated whether or not the police have been effective at identifying embezzlers, successful at apprehending these white-collar criminals, and ultimately whether or not our system is performing in such a way that we can expect it to effectively deter embezzlement. The results of this study also produced future policy implications for the LVMPD which were discussed. The findings may encourage the allocation of resources toward the types of cases that require more attention from the LVMPD in order to better deter these offenses. Areas of future study were then suggested.

CHAPTER FIVE: FINDINGS

Findings

In seeking to discover whether the Las Vegas Metropolitan Police Department has become better or worse at deterring white collar crime, in general, over the past eight years, we have comprehensively analyzed the dataset received. An analysis of general fraud-related calls for service over the years helps to provide scope to the issue at hand. General fraud-related calls for service are situations where the LVMPD were called in to be of assistance as noted in Table 1 in the methods section. Figure 1 shows the trend line of fraud related calls for service, which has some relevance to the scope of embezzlement cases and incident reports.

Figure 1: Number of LVMPD Fraud-Related Calls for Service 2006-2013

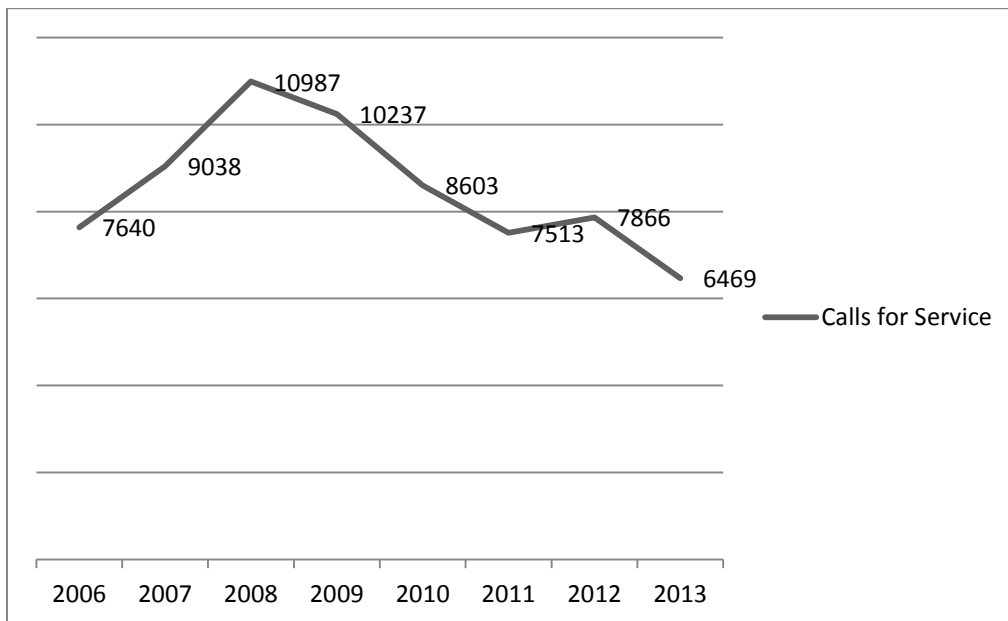


Figure 1 displays a visual representation of LVMPD data depicting the number of calls for service for all fraud cases from 2006-2013. This graph shows that the number of calls

for service increased from 2006 to 2008. This peak in 2008 of fraud-related calls for service may be tied to the recession. The graph may look this way because of factors related to the economy. The economic recession and downturn could contribute to increased calls for service. During periods of economic stress, citizens may resort to illicit, criminal activity to compensate for lost wages and/or decreased productivity. These factors may have influenced the number of calls for service to the LVMPD. There was a decrease in the number of calls for service from 2008-2011, with a small increase in 2012, and then a decline from 2012 to 2013. This visual model points to trends in the number of calls for service. These are the cases where individuals, businesses, etc., made calls to the police when fraudulent, illicit activities had occurred. The number of calls for service fluctuates over time with a large range (over 4000 calls) between minimum and maximum values. Since embezzlement is included in these calls for service for general fraud, it can be deduced that calls for service for embezzlement may have fluctuated over time as well.

Table 2: Calls for Service, Clearance Rates, Percentage Change in CFS/CR: Fraud 2006-2013

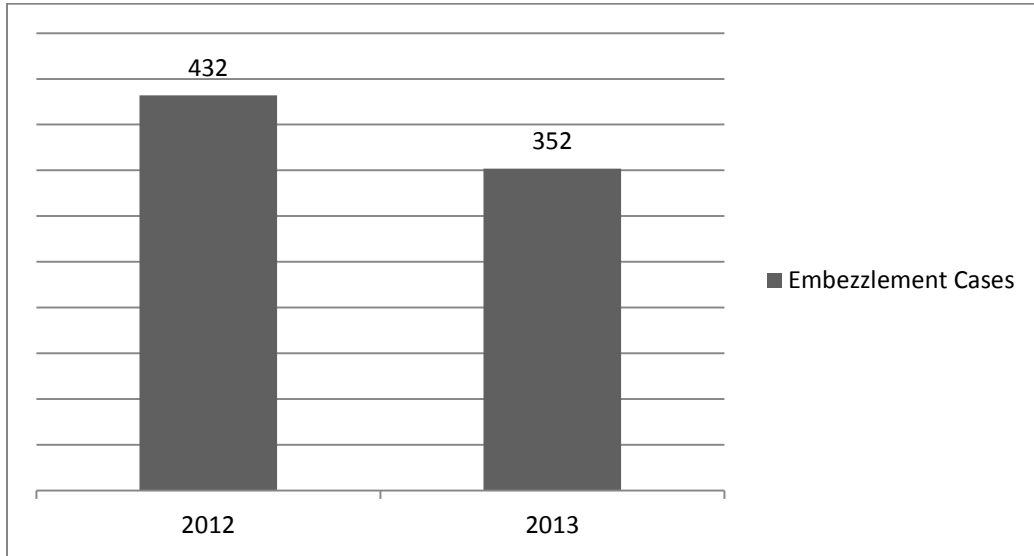
Year	Calls for Service	Clearance Rate	% change CFS	% change CR
2006	7640	4.79%		
2007	9039	4.75%	18.31	-0.04
2008	10988	3.38%	21.56	-1.37
2009	10238	3.39%	-6.82	-0.01
2010	8604	3.36%	-15.96	-0.03
2011	7514	3.49%	-12.66	0.13
2012	7867	2.83%	4.69	-0.66
2013	6470	3.06%	-17.75	-0.23

Table 2 displays the number of calls for service for fraud cases from 2006-2013. This table also displays the clearance rate and the percentage change associated with all fraud cases from each year. The year 2006 had 7640 calls for service associated with a 4.79% clearance rate. This 4.79% clearance rate was the highest of the eight years in the data set. This clearance rate is tied to the number of fraud cases resulting in an arrest from the pool of cases that were called for service. The number of fraud calls for service peaked in 2008 at 10988. This particular year had a clearance rate of 3.38%. There was

a decrease in the number of fraud calls for service from 8604 in 2010 to 7514 in 2011. A slight increase in calls for service occurred in 2012 (n=7867 calls), and a decrease in 2013, (n=6470). There was an overall decrease from 2008 to 2013 in number of calls for service. Clearance rates for each year fluctuated without a noticeable pattern. The lowest clearance rate of 2.83% occurred in 2012. The table shows that the percent change in clearance rate was stable for most of the years until 2008. There is a sizable percent decrease in the clearance rate for general fraud in 2008. This may be tied to the economy, because the police may focus less on financial crimes when they realize that everyone is struggling financially. Economic downturns may come with a decreased propensity for police departments to allocate resources and efforts toward solving these types of crimes. White collar crime in general and embezzlement specifically are not areas in which police focus their efforts. Because of this, there may not be sizable policy changes when it comes to this area of law enforcement. This may help to explain why clearance rates for general fraud were relatively stable. Additionally, this 2006-2013 time frame is a small period, and we are limited in our detection of trends for a time frame of this size. In 2008, when there was severe economic downturn, it makes sense that there was a sizable fluctuation in clearance rate. This volatile year of economic bust influenced the previously stable clearance rate and caused a sizable decrease. The overall decrease in calls for service from 2006 to 2013 puts into context the extent of fraudulent activity dealt with by the police, and gives a contextual background for discussing incident reports for embezzlement specifically and clearance rates associated with the same.

Figure 2 displays the total number of embezzlement cases as provided by the data from the year 2012 to 2013. There were 432 embezzlement cases for 2012, and 352 for the year 2013.

Figure 2: Total Number of Embezzlement Cases 2012-2013



Total clearance rates associated with embezzlement cases generally for the year 2012 give a measurement of the ability of the LVMPD to effectively apprehend, punish, and subsequently deter embezzlers. Figure 3 shows the percentage of embezzlement cases for 2012 that were cleared, closed, or left open.

Figure 3: Percentage of All Embezzlement Cases Cleared 2012 (n=432)

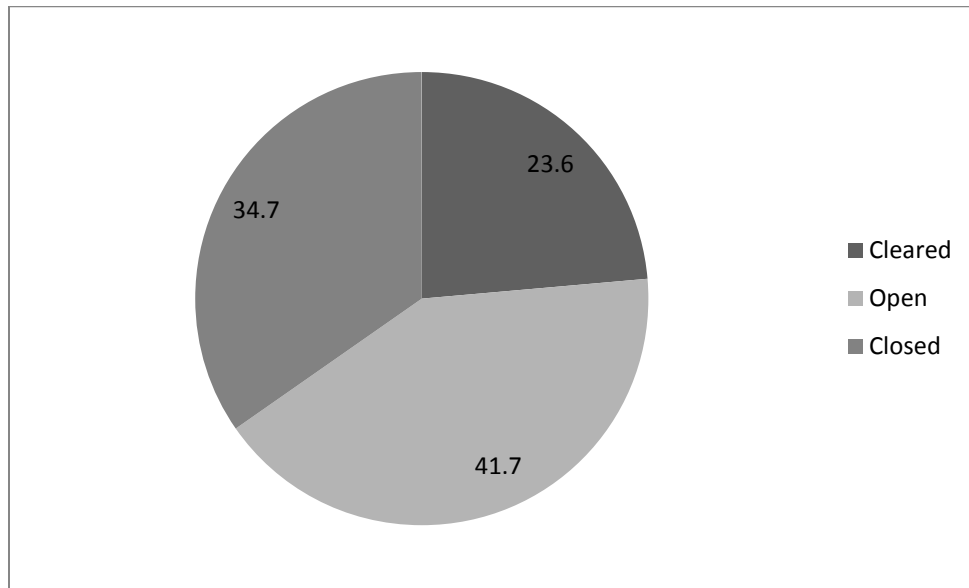


Figure 3 shows that 23.6% of embezzlement cases in 2012 were cleared. These cleared cases represent crimes solved by the police. This clearance rate is lower when compared to the average U.S. embezzlement clearance rate of 38.37%. A large percentage of these cases (41.7%) were left open, because they were not solved and the police continue to investigate them. Upon analysis, 34.7% of these embezzlement cases were closed. These closed cases are typically not worked with anymore by the police until new leads are found or more resources are made available.

Clearance rates associated with embezzlement cases in 2012 where the amount stolen was over \$650 are low. The clearance rates for these felony cases along with the percentages of open and closed embezzlement cases of this type are given in Figure 4.

Figure 4: Percentage of Felony Embezzlement Cases Cleared 2012 (n=302)

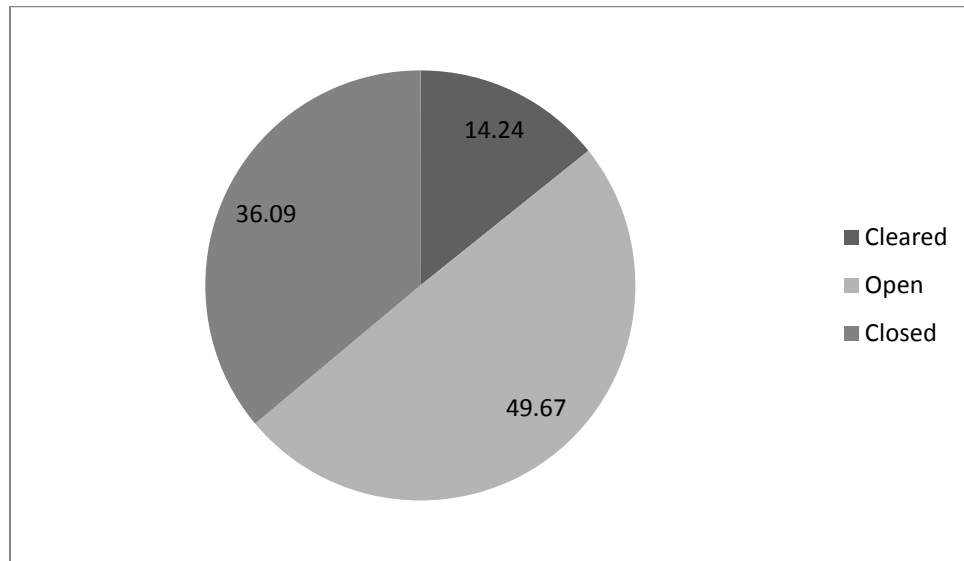


Figure 4 displays the percentage of felony embezzlement cases cleared in 2012. It shows that 14.24% of felony embezzlement cases were cleared by police, while 49.67% were left open, and 36.09% were closed. These numbers are low and point to a low effectiveness when it comes to the police's ability to solve embezzlement in these felony situations. This low clearance rate theoretically translates into a low deterrent effect.

The effectiveness of police to solve embezzlement situations in 2012 where the amount stolen is below \$650 is high. These misdemeanor embezzlement case clearance rates are given in Figure 5, along with percentages for closed and open cases.

Figure 5: Percentage of Misdemeanor Embezzlement Cases Cleared 2012 (n=130)

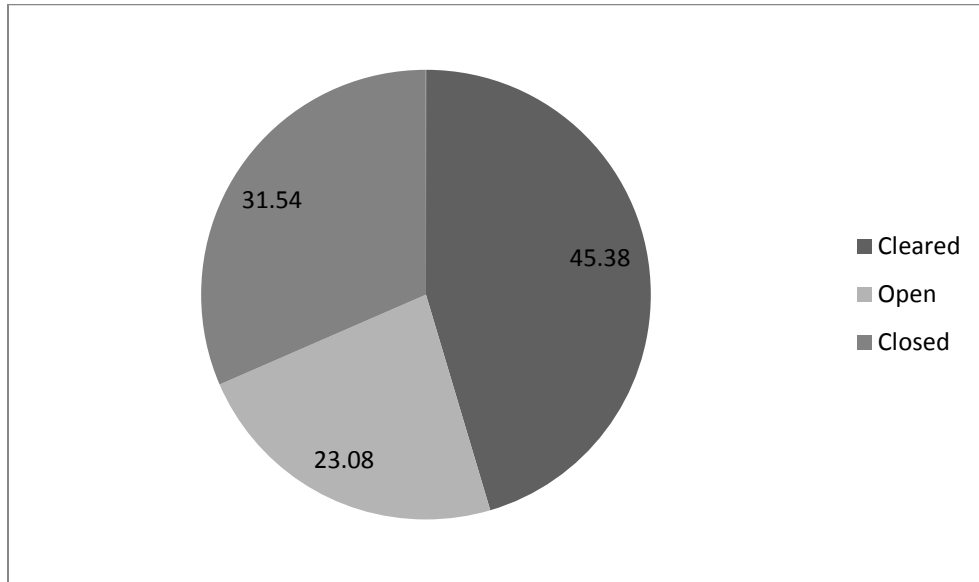


Figure 5 displays the percentage of misdemeanor embezzlement cases cleared in 2012. This clearance rate, 45.38% is much higher when compared to the clearance rate for felony embezzlement cases from the same year. There were 23.08% of embezzlement cases that were left open, while 31.54% were closed cases.

When compared to each other, the differences between clearance rates in 2012 for felony and misdemeanor embezzlement are striking. Figure 6 allows for a comparison of the levels of efficiency associated with solving these two embezzlement case types involving different amounts stolen.

Figure 6: Comparison of Embezzlement Clearance Rates 2012: Felony vs. Misdemeanor

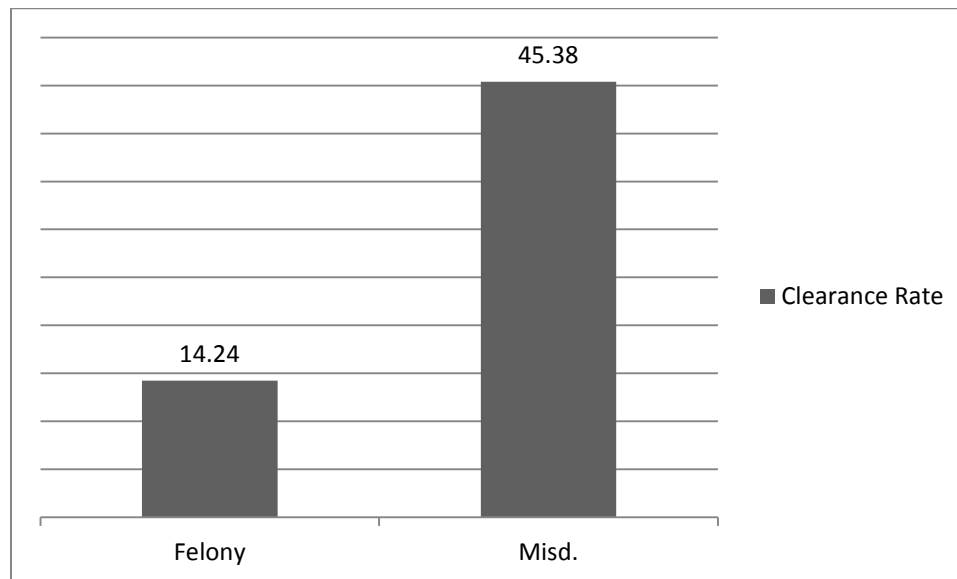


Figure 6 shows a comparison of embezzlement clearance rates between felony and misdemeanor cases for the year 2012. The felony clearance rate for 2012 is 14.24% and the misdemeanor clearance rate is 45.38%. There is a 31.14% difference between the two clearance rates. Police are more effective at solving misdemeanor embezzlement cases when compared to felony cases. Subsequently, the higher clearance rate associated with misdemeanors theoretically achieves a greater deterrent effect on would-be embezzlers. The confidence of future criminals decreases as the clearance rates for these crime types goes up.

Clearance rates calculated for embezzlement cases happening in Retail Businesses/ Grocery allow for a measure of the LVMPD's ability to solve embezzlement cases taking place within this specific context. Figure 7 gives a depiction of this particular rate, along with the percentages of open and closed cases.

Figure 7: Percentage of Retail Business/Grocery Embezzlement Cases Cleared 2012

(n=196)

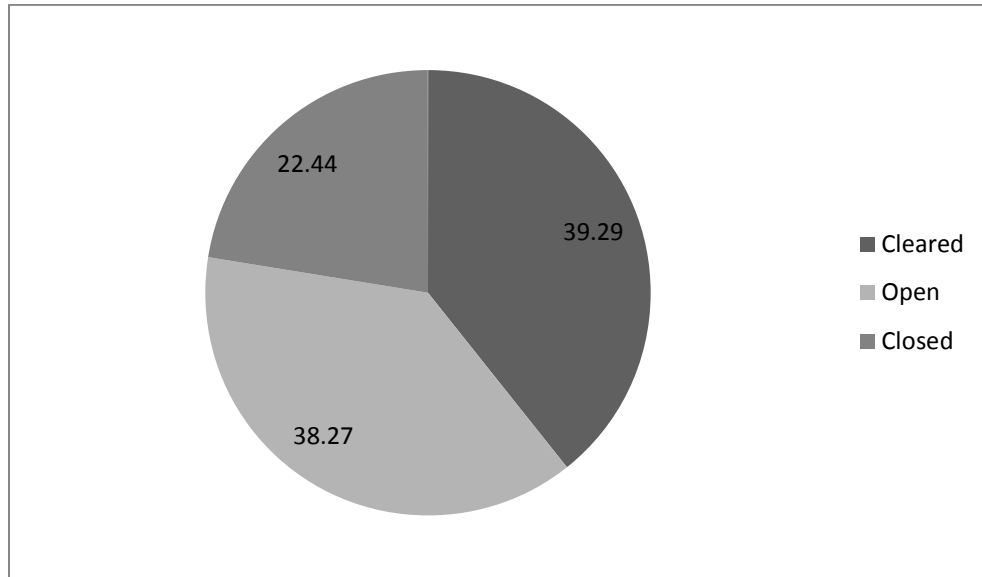


Figure 7 displays a visual representation of the percentage of embezzlement cases for retail businesses/grocery cleared by the police in 2012. The chart shows that 39.29% of embezzlement cases for retail businesses/grocery have been solved by the police, while 38.27% were left open; 22.44% received a closed designation.

Embezzlement taking place in the context of offices is an area where the police must allocate resources to try to solve and deter these crimes in the future. A study of clearance rates associated with this particular type of embezzlement is a measure of the effectiveness of the LVMPD to solve these crimes. Figure 8 provides a display of this clearance rate along with percentages for closed and open cases.

Figure 8: Percentage of Office Embezzlement Cases Cleared 2012 (n=110)

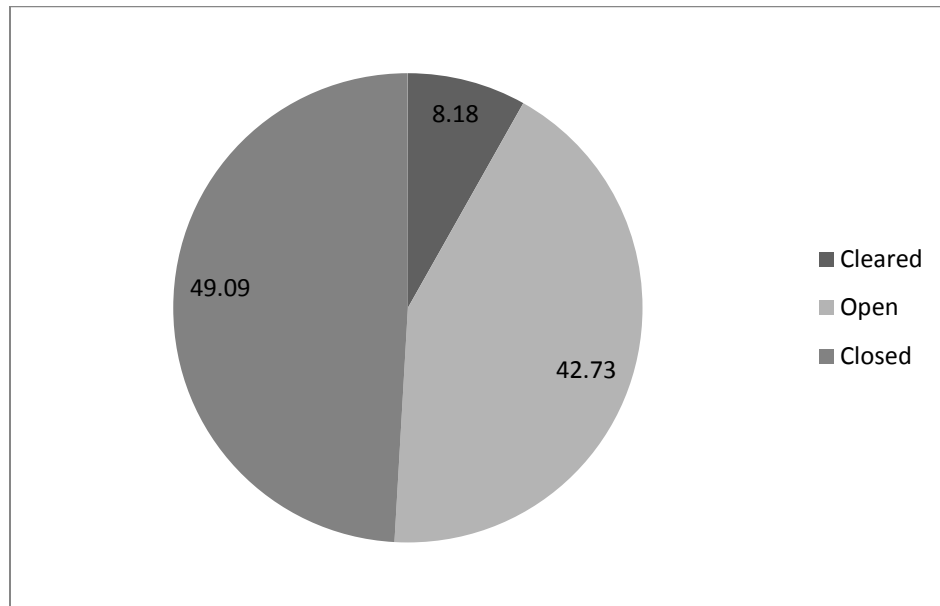


Figure 8 shows the percentage of embezzlement cases cleared for 2012 taking place in offices. The graph shows that 8.18% of office embezzlement cases were solved by the police; 49.09% were closed cases, and 42.73% received an open designation. This 8.18% clearance is much lower when compared to clearance for retail businesses/grocery. The LVMPD is therefore much less effective at deterring embezzlement cases in offices when compared to retail businesses/grocery.

Embezzlement within the context of monetary establishments is also an issue needed to be dealt with by the police. Figure 9 gives a representation of the clearance rates associated with embezzlement scenarios taking place in these particular places, and serves as a measure of police's efficiency at solving these crimes. Percentages associated with closed and open cases of this sort are also given.

Figure 9: Percentage of Monetary Establishments Embezzlement Cases Cleared 2012

(n=23)

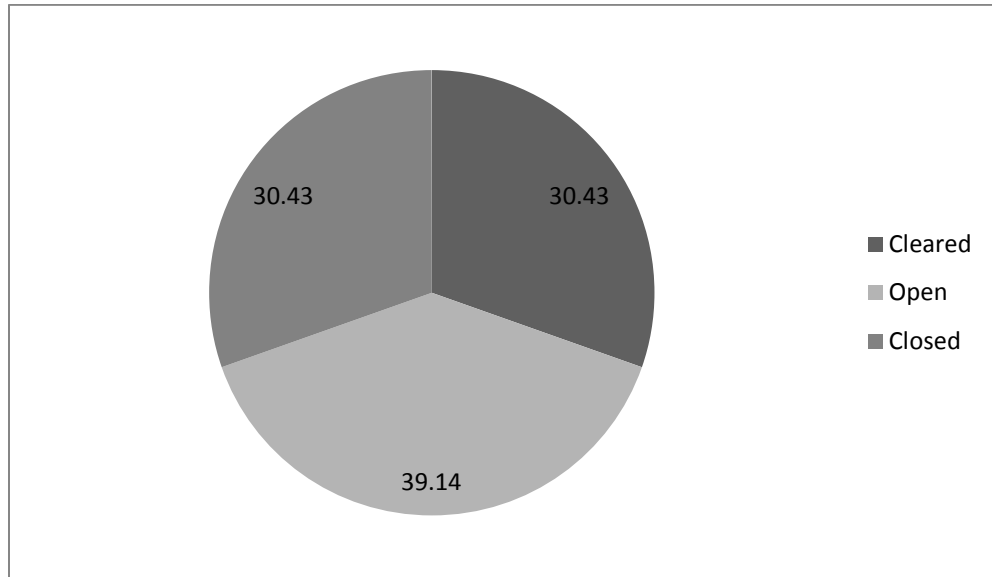


Figure 9 shows the clearance rate for embezzlement cases for monetary establishments in 2012. The chart shows 30.43% of embezzlement cases for monetary establishments were solved by the police, while 39.14% remained open; 30.43% received closed designations. This 30.43% clearance rate is higher than the clearance rate for offices, but lower than the clearance rate for retail businesses/grocery.

Embezzlement clearance rate associated with embezzlement in restaurants/bars is also worthy of study. The clearance rate for these types of embezzlement incidents is given in Figure 10, in addition to the percentage of open and closed cases for these types of embezzlement situations.

Figure 10: Percentage of Restaurant/Bar Embezzlement Cases Cleared 2012 (n=35)

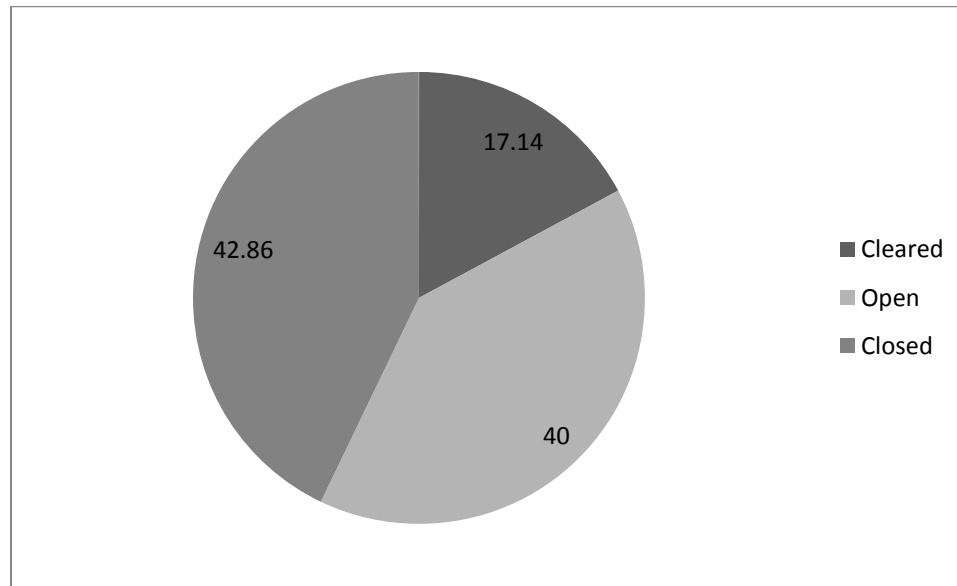


Figure 10 displays the clearance rate associated with embezzlement cases taking place in a restaurant/bar context for the year 2012. It is found that the clearance rate for these types of embezzlement cases is 17.14%. This is lower than both retail businesses/grocery clearance rate and the clearance rate associated with monetary establishments. This clearance rate is more than double that of offices. It is also found that 42.86% of embezzlement cases for restaurant/bar are closed, and 40% of these types of embezzlement remain open.

Comparing clearance rates for each situational context as specified by this study allows us to see where police are more or less effective at solving and deterring embezzlement. Figure 11 gives us this comparison for the year 2012.

Figure 11: Comparison of Embezzlement Clearance Rates: Retail Business/Grocery vs. Offices vs. Monetary Establishments vs. Restaurant/Bar 2012

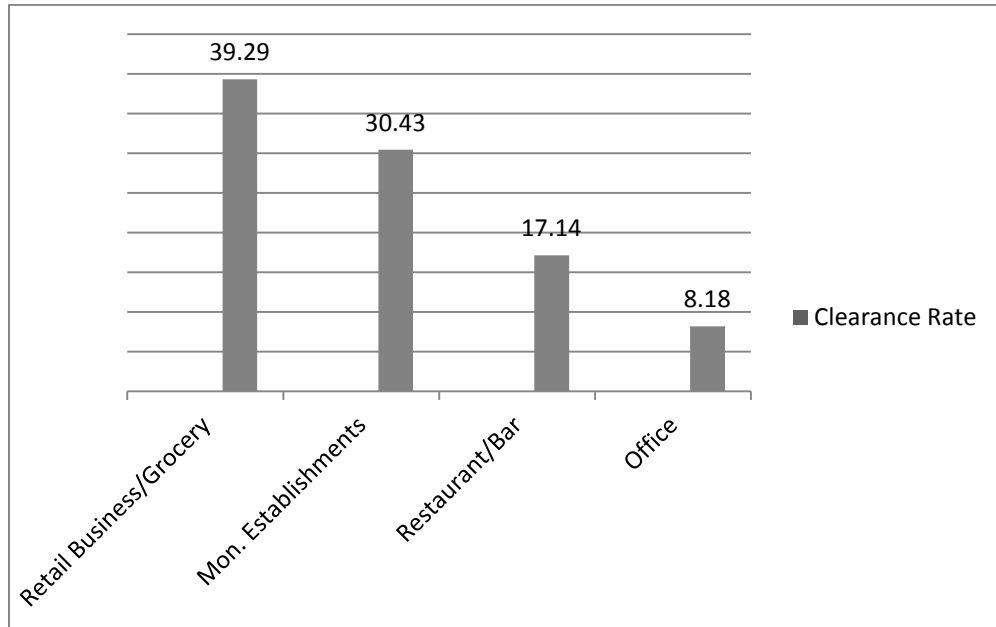


Figure 11 shows a bar graph comparing the clearance rates associated with retail businesses/grocery, offices, monetary establishments, and restaurants/bars in 2012. The clearance rate was highest for embezzlement situations taking place within the context of retail businesses/grocery. The LVMPD is least effective at solving embezzlement cases taking place within offices, when compared to the other categories. These office embezzlement cases have an 8.18% clearance rate, which is much lower than the clearance rates associated with the other types of embezzlement cases. The police are least effective at deterring embezzlement offenses in an office setting. Clearance rates for monetary establishments are the second highest, followed by restaurant/bar. Perhaps there is something about the office context that makes it difficult for the police to solve these cases. The LVMPD may have more resources or superior resources to deal with embezzlement taking place in retail businesses/grocery. Perhaps these types of retail

businesses/grocery have internal structures in place within the business organization to help police catch embezzlers and increase the likelihood that financial crimes are solved. Internal structures within the context of these types of businesses may include security cameras and effective policies to monitor theft. Consistent cash register checks and signs alluding to severe employee penalties may serve as deterrents for embezzlement as well. Offices may lack policies such as these, and offenders who take advantage of positions of trust in offices may be given more freedom to do business without having to report to management. Additionally, an office environment may be more conducive to covering up employee theft, because of the concealed nature of cubicles and workspaces. There are many other potential explanations for why retail businesses/grocery had much higher clearance rates when compared to offices. This could be due to the types of crimes taking place in retail businesses and grocery stores. These businesses tend to be extremely large corporations. Embezzlement taking place in this context typically consists of employees stealing money from cash registers. Cash registers are out in the open and highly visible, so these crimes are more likely to be caught than ones taking place in a more concealed environment. Individuals stealing from retail businesses tend to be blue collar workers who are trying to get some cash by sticking their hands into the register. These offenders are typically not attempting to hide their crimes in sophisticated ways. Within an office context, however, offenders are typically of a higher social status. These criminals are often in positions of high responsibility and trust, and they typically are isolated from others. Their acts of theft often take place behind closed doors. Offenders within an office context are more easily able to hide their crimes, and less likely to be apprehended. These differences in offender types and crime visibility can

both explain why embezzlement within retail business/grocery contexts have higher clearance rates and embezzlement within office contexts have lower clearance rates.

Calculating clearance rates for total embezzlement cases in 2013 allows for a measure of the efficiency the LVMPD has in solving embezzlement cases for this year. On the whole, there has been a decrease in embezzlement clearance rate for total embezzlement cases from 2012 to 2013. Figure 13 provides this depiction, along with the percentages associated with cases cleared and cases receiving a closed designation.

Figure 12: Percentage of All Embezzlement Cases Cleared 2013 (n=352)

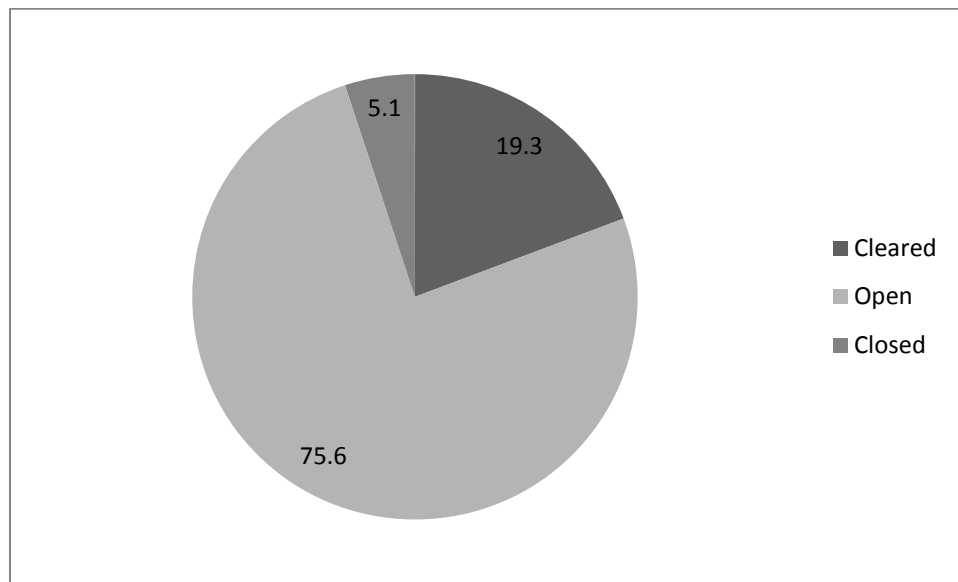


Figure 12 gives a visual representation of the proportion of 2013 embezzlement cases cleared, closed, and left open. There was a decrease in the clearance rate from 2012 to 2013, with the 2013 rate being 19.3%. There was a much higher percentage of cases being left open in 2013 versus 2012, with the 2013 level being at 75.6% and the 2012 level being at 41.7%. This decrease in clearance rate from 2012 to 2013 marks a decrease in the percentage of embezzlement cases solved by the LVMPD. This 2013

embezzlement clearance rate of 19.3% for Las Vegas falls short of the national average of 38.37%.

The clearance rate for felony embezzlement cases for the year 2013 gives us a measure of the effectiveness the police had in solving crimes for that year. Figure 13 gives us a representation of this value showing that there has been a decrease in clearance rate for felony embezzlement cases when compared to 2012. Percentages associated with cleared and closed cases are also given for 2013.

Figure 13: Percentage of Felony Embezzlement Cases Cleared 2013 (n=244)

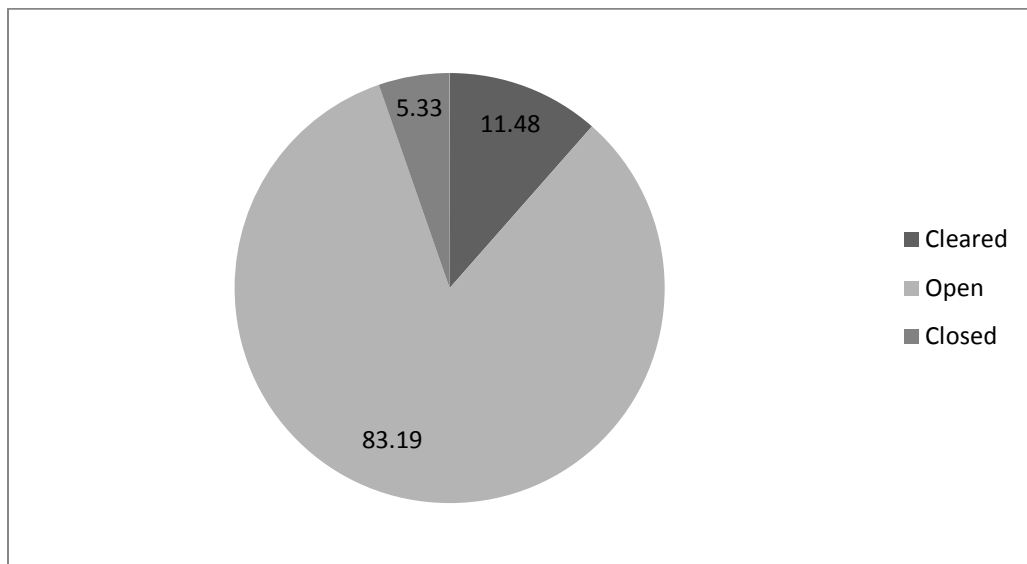


Figure 13 shows the clearance rate for 2013 felony embezzlement cases to be 11.48%. This percentage marks a decrease from the 14.24% clearance rate in 2012 for the same crime type. Additionally, when compared to the 2012 level, there is a much higher percentage of felony embezzlement cases left open in 2013 (83.19%) when compared to 2012 (49.67%). This could mean that in 2013, it took longer to solve these crime types due to understaffing or lack of resources. The LVMPD may not have had

adequate numbers of officers working to apprehend these criminals and solve these cases. Perhaps too few officers were working on these types of cases to achieve a higher clearance rate. More open cases could mean that the police had inefficient resources in dealing with felony cases. A possibility could be that the types of businesses more prone to having larger sums of money stolen lacked the internal safeguards necessary to detect financial crimes promptly, leading to a decreased ability to solve these types of cases. This may have resulted in the large percentages of felony embezzlement cases left open for 2013.

Figure 14: Percentage of Misdemeanors Cases Cleared 2013 (n=108)

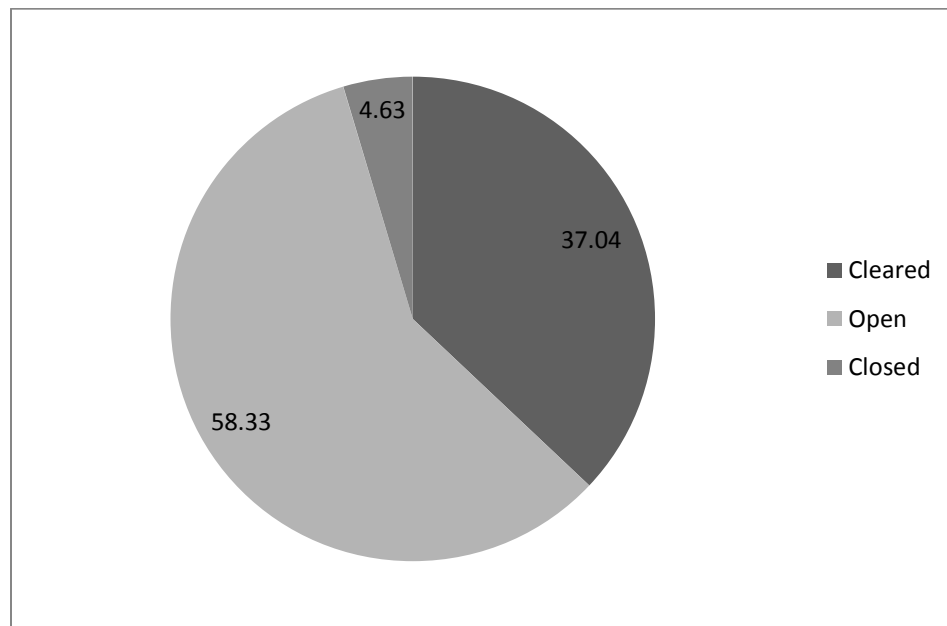


Figure 14 depicts the 2013 embezzlement clearance rate for misdemeanors. The clearance rate is 37.04%, which marks a decrease from the 45.38% clearance rate associated with misdemeanors in 2012. There was also a substantial increase in the

percentage of misdemeanor embezzlement cases left open. The percentage in 2013 is 58.33%, which is 35.25% higher than the 2012 percentage of open cases (23.08%).

Comparing the 2013 clearance rates for felony and misdemeanor cases allows us to see which types of embezzlement cases the LVMPD is able to solve and deter more effectively. Figure 15 gives us this information.

Figure 15: Comparison of Embezzlement Clearance Rates 2013: Felony vs. Misdemeanor

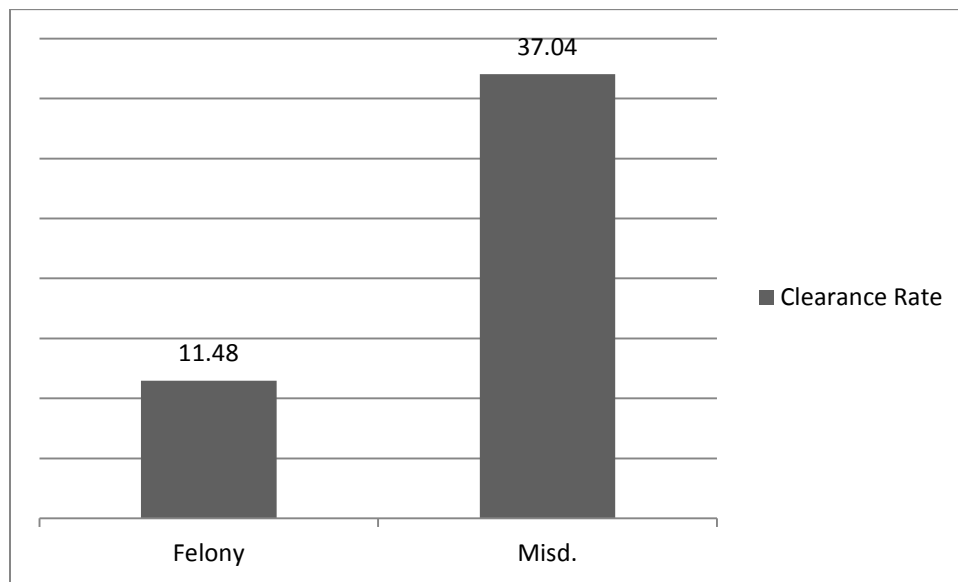


Figure 15 shows a bar graph comparing the 2013 embezzlement clearance rates for two different case types: felony and misdemeanor. The clearance rate for felony embezzlement cases is 11.48%. The clearance rate for misdemeanor embezzlement cases for 2013 was 37.04%. The clearance rate for misdemeanor cases was 25.56% higher than the rate for felonies. The graph shows that the LVMPD is more effective at deterring embezzlement situations when the values stolen are below \$650 (misdemeanor). In 2013, the LVMPD's efforts to solve misdemeanor embezzlement cases appear to have been

more effective when compared to felony cases. Perhaps there is something about misdemeanor cases that allows officers to be better at apprehending and punishing embezzlers in these situations. The LVMPD may lack resources to deal with embezzlement cases with higher amounts of money stolen. Another explanation may be that businesses that are more likely to have smaller amounts stolen (below \$650) may have better internal safeguards against embezzlement that help officers to solve these crimes more effectively and more often. Individuals that steal small amounts of money; i.e., below \$650, may typically be stealing in contexts where embezzlement is easier to detect; i.e., retail businesses/grocery. Within retail businesses or grocery stores, embezzlers typically steal from cash registers. These registers have fixed amounts of money in them , and offenders reach in quickly to grab a handful of cash. These cash amounts stolen typically receive a misdemeanor distinction. This may contribute to the finding that misdemeanor embezzlement cases have higher clearance rates. On the other hand, felony cases where amounts stolen are over \$650 may be more likely to take place in environments that are harder to monitor. Office contexts may give rise to theft opportunities that exceed \$650. These offenders are not typically under the watchful eye of surveillance and are typically not out in public like employees at cash registers. These upper class offenders that steal larger amounts of money may have more time to cover up their crimes and may not be as strictly monitored when compared to the blue collar embezzlers found in retail businesses.

Figure 16: Percentage of Retail Business/Grocery Embezzlement Cases Cleared 2013

(n=157)

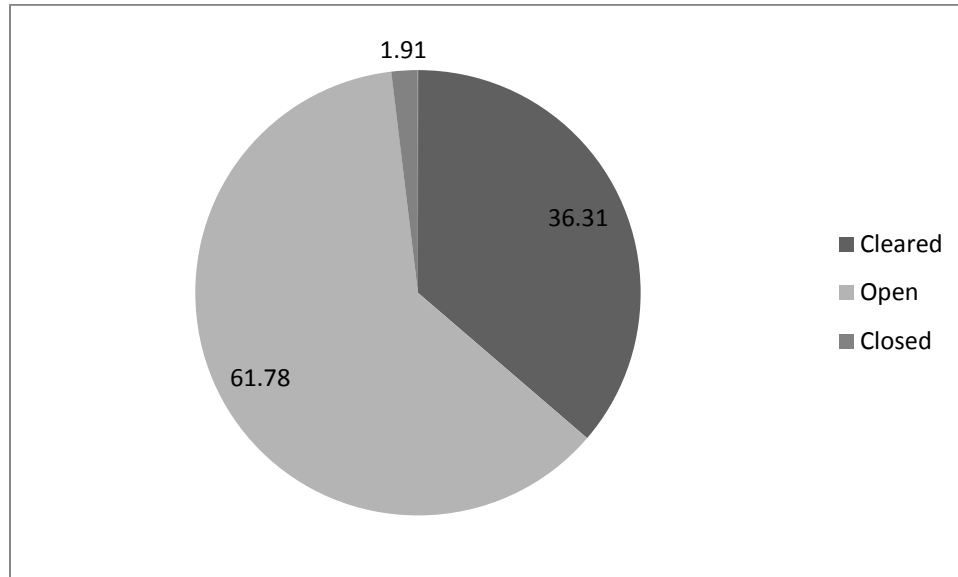


Figure 16 shows the 2013 embezzlement clearance rate for retail businesses/grocery cases. This clearance rate is 36.31%, meaning that this percentage of embezzlement cases for this year and within this context was solved by the police. More than half of these types of cases (61.78%) were left open, and a small percentage of cases (1.91%) were closed, without being considered solved.

Figure 17: Percentage of Office Embezzlement Cases Cleared 2013 (n=102)

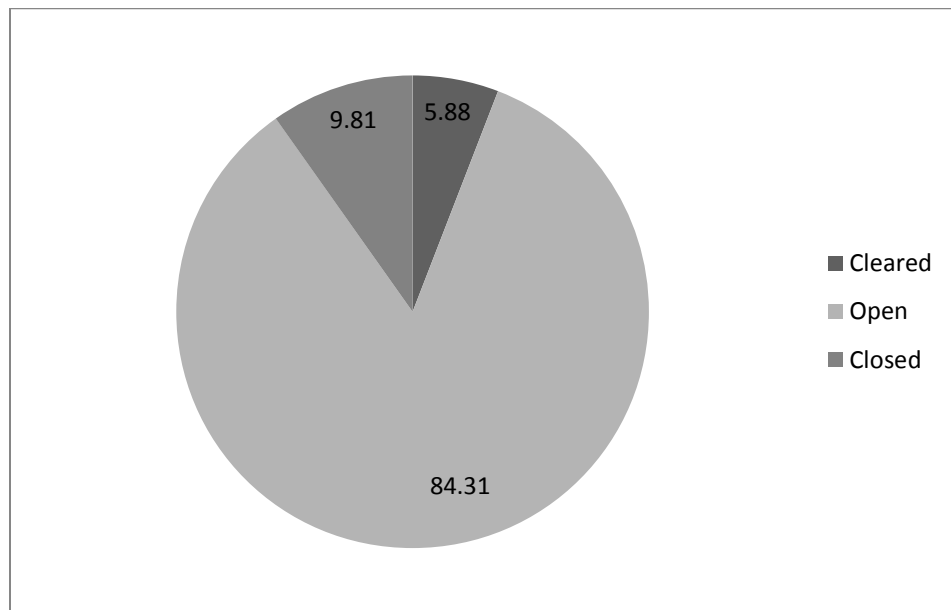


Figure 17 gives a display of the clearance rate for office embezzlement cases in 2013. It also shows the percentages associated with closed cases and open cases. This particular type of embezzlement for this year has an extremely low clearance rate at 5.88%. This is much lower than the clearance rate for retail business/grocery for the same year. It is also lower than the clearance rate for the same type of case the year before. A very large percentage, 84.31% of these types of cases were left open. Perhaps these types of cases take longer to investigate or the police do not have efficient resources to take care of embezzlement in this context. Offices may lack internal structures that assist with apprehension or evidence preservation that could potentially help police officers to investigate these types of financial crimes. These types of problems could be reasons why the clearance rate for embezzlement within this context is so low.

Figure 18: Percentage of Monetary Establishment Embezzlement Cases Cleared

2013 (n=12)

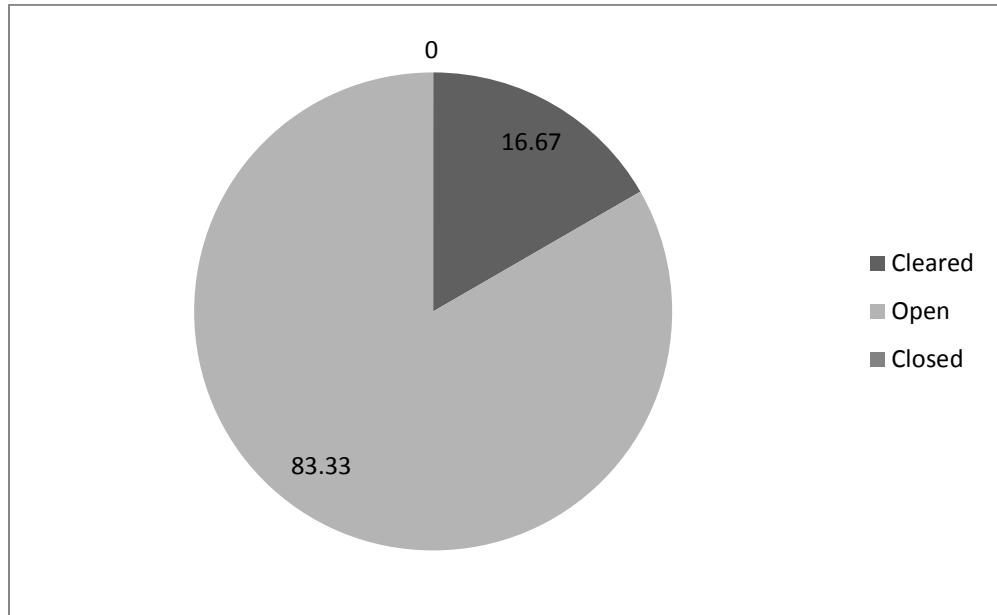


Figure 18 gives a pie chart displaying the clearance rate for 2013 embezzlement cases within the context of a monetary establishment. Most of these cases, 83.33%, remain open. Embezzlement within this context has a clearance rate of 16.67% which is higher than that of offices for the same year but lower than that of retail businesses for the same year. Police may have a difficult time investigating and solving embezzlement cases within this context, or these cases may take a very long time to gather evidence and follow leads etc.

Figure 19: Percentage of Restaurant/Bar Embezzlement Cases Cleared 2013

(n=27)

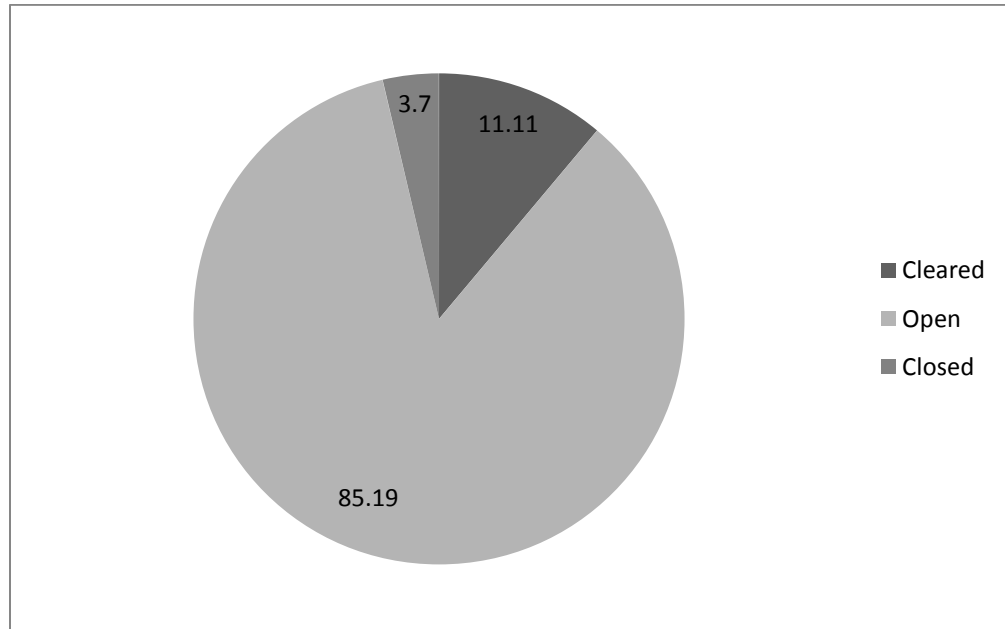


Figure 19 is a pie chart showing the clearance rate and percentages of closed and open cases associated with 2013 embezzlement situations taking place in a restaurant/bar. A clearance rate of 11.11% is higher than that for offices in 2013 and lower than that of both monetary establishments and retail businesses/grocery. There was an incredibly high percentage of open cases at 85.19%.

Figure 20: Comparison of Embezzlement Clearance Rates: Retail Business/Grocery vs. Offices vs. Monetary Establishments vs. Restaurant/Bar 2013

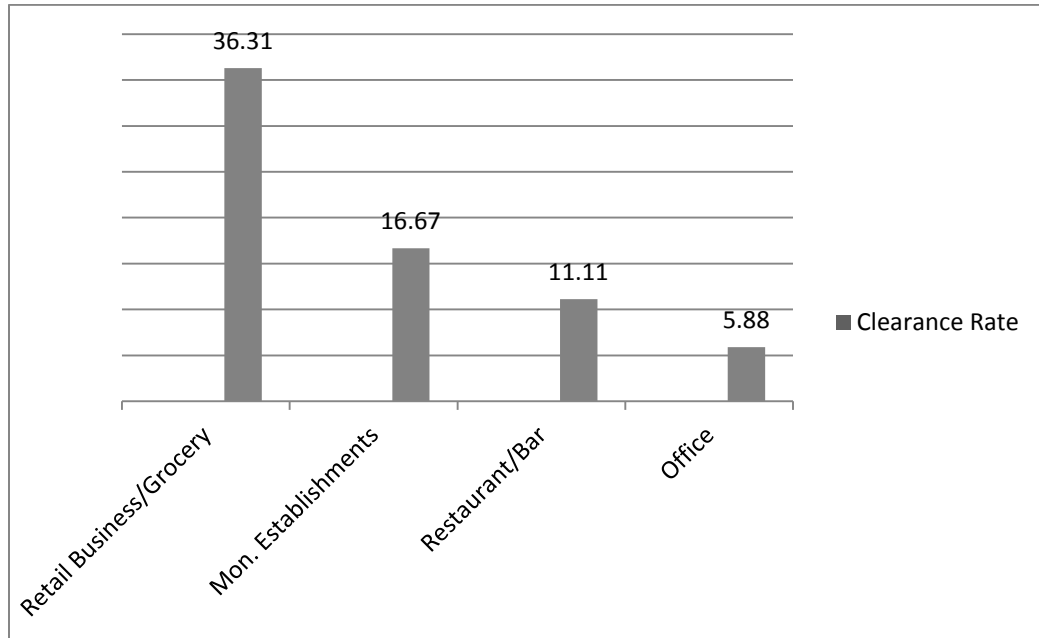


Figure 20 is a bar graph comparing 2013 embezzlement clearance rates for four different types of embezzlement cases: retail business/grocery, office, monetary establishments, and restaurant/bar. The clearance rate for retail business/grocery was the highest of the four categories, surpassing all the other by a remarkable amount. The police are able to most effectively solve embezzlement situations taking place in a retail business/grocery setting. Subsequently, these high clearance rates come with a greater deterrent effect on future embezzlers. The LVMPD solves embezzlement situations within this retail business/grocery context most effectively, because it solves the greatest proportion of cases within this category. Office cases for 2013 have the lowest clearance rate, meaning that the police have had the least success solving these types of embezzlement cases. The deterrent effect in this category is theoretically very weak.

Monetary establishments had the second highest clearance rate followed by restaurant/bar cases.

Figure 21: Percentage of All Embezzlement Cases Cleared 2012-2013

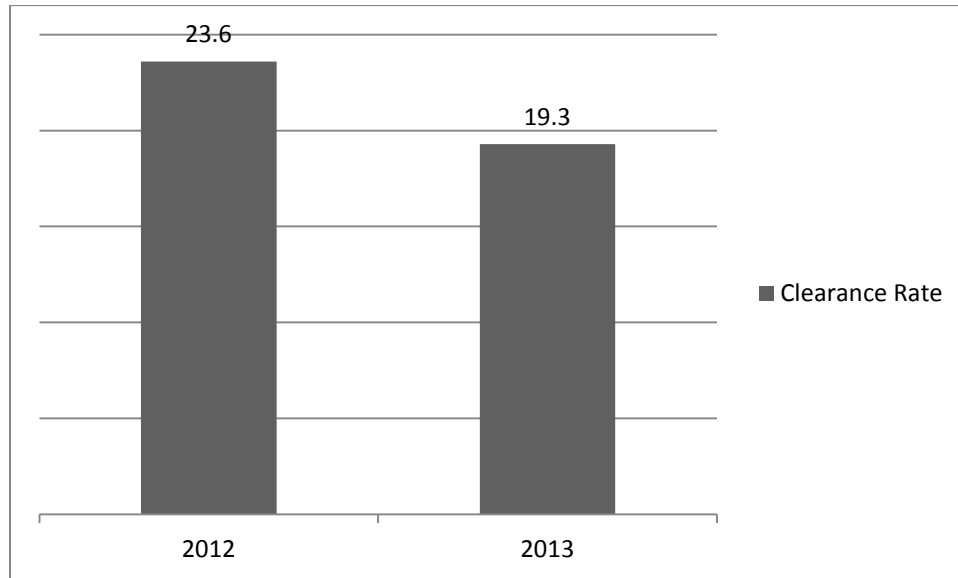


Figure 21 is a bar chart displaying the embezzlement clearance rates for 2012 and 2013. Both of these clearance rates fall short of the U.S. embezzlement clearance rate of 38.37%. The 2012 embezzlement clearance rate is 23.6%, while the 2013 embezzlement clearance rate is 19.3%. The LVMPD may be able to make some adjustments in policy to try to improve these clearance rates and be able to solve a larger percentage of these embezzlement situations. This would help to achieve greater levels of deterrence. The embezzlement clearance rates in Las Vegas may be lower than the U.S. embezzlement clearance rate due to the LVMPD's area of emphasis. The LVMPD does not focus their efforts on white collar crime. It focusses mainly in street level offenses, because these are most publicized, and these are the types of crimes people fear. Las Vegas police

officers, thus, may not spend as much time trying to solve these cases, because they are busy trying to solve other crimes.

Figure 22: Percentage of All Felony Embezzlement Cases Cleared 2012-2013

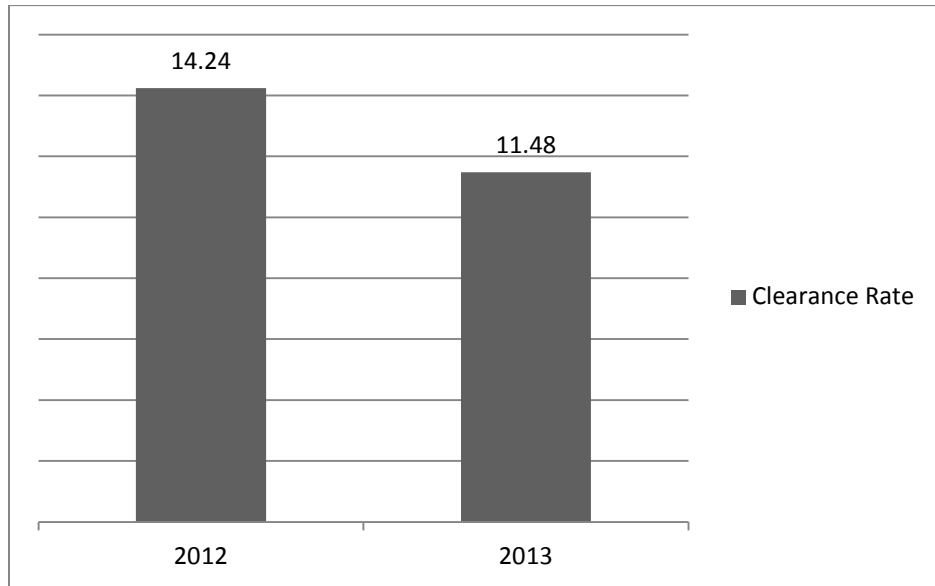


Figure 22 is a bar graph displaying the felony embezzlement clearance rates for 2012 and 2013. The felony embezzlement clearance rate for 2012 was higher in 2012 than it was in 2013. These clearance rates are low when compared to clearance rates for other embezzlement case types and when compared to overall embezzlement clearance rates for both years. The police may be able to improve these numbers by enacting policy changes, increasing staffing, and allocating resources toward these types of embezzlement situations.

Figure 23: Percentage of Misdemeanor Embezzlement Cases Cleared 2012-2013

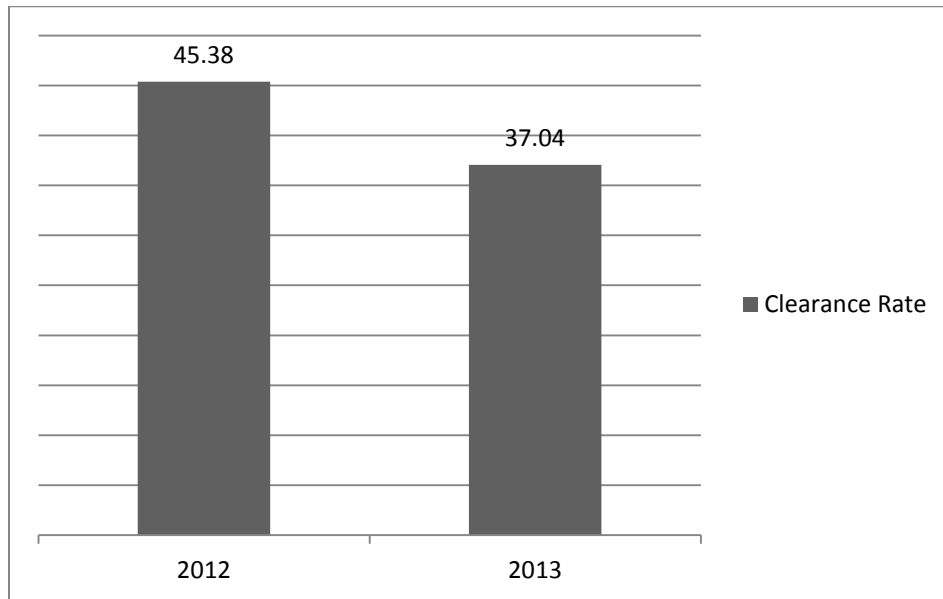


Figure 23 displays the clearance rate for misdemeanor embezzlement cases in 2012 and 2013. There was a decrease in clearance rate from 2012 to 2013 by 8.34%. These clearance rates are much more impressive when compared to felony clearance rates. This may be due to the nature of misdemeanor cases. These types of embezzlement crimes may be inherently easier to solve when it comes to apprehension and investigation of the criminal situation. The LVMPD achieves a much greater deterrent effect on would-be embezzlers for misdemeanor cases when compared to felony cases.

Figure 24: Percentage of Retail Business/Grocery Embezzlement Cases Cleared 2012-2013

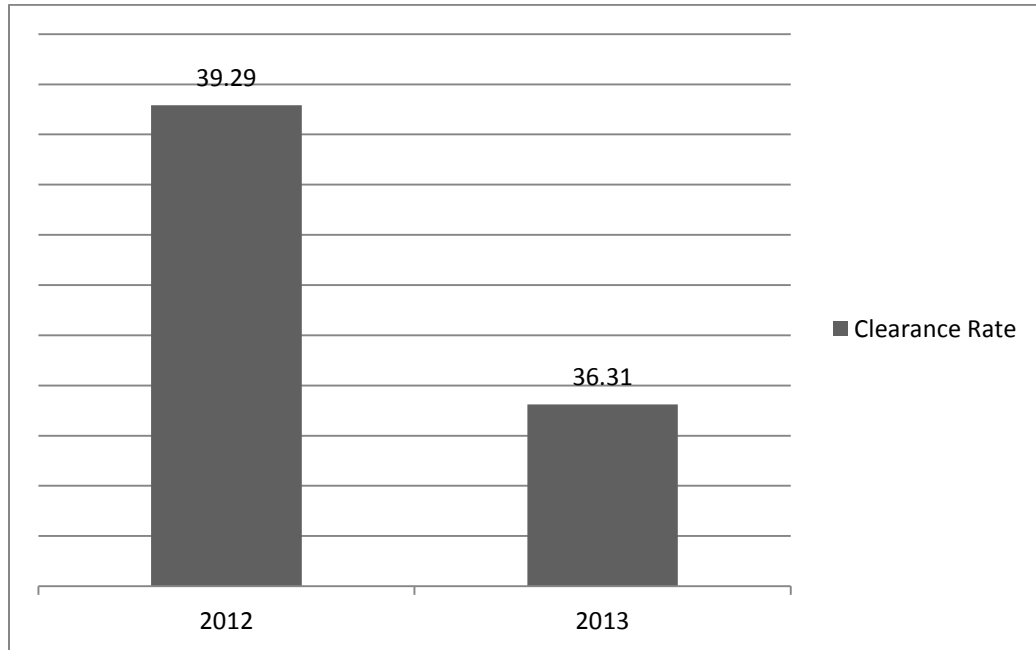


Figure 24 displays the clearance rate for embezzlement cases taking place in retail businesses/grocery for the years 2012 and 2013. The clearance rate was higher in 2012 when compared to 2013. These clearance rates are respectable and serve as an effective deterrent on future embezzlers.

Figure 25: Percentage of Office Embezzlement Cases Cleared 2012-2013

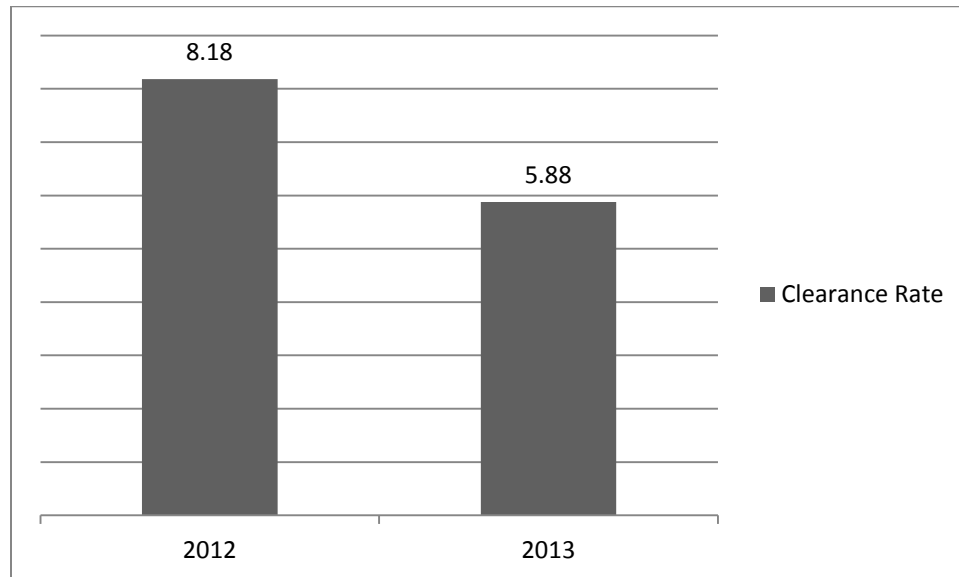


Figure 25 shows the clearance rate for office embezzlement cases for 2012 and 2013. These clearance rates are extremely low, and have a very low deterrent effect when compared to embezzlement cases in every other context. The police may try to raise these rates through policy changes and increases in staffing.

Figure 26: Percentage of Monetary Establishment Embezzlement Cases Cleared 2012-2013

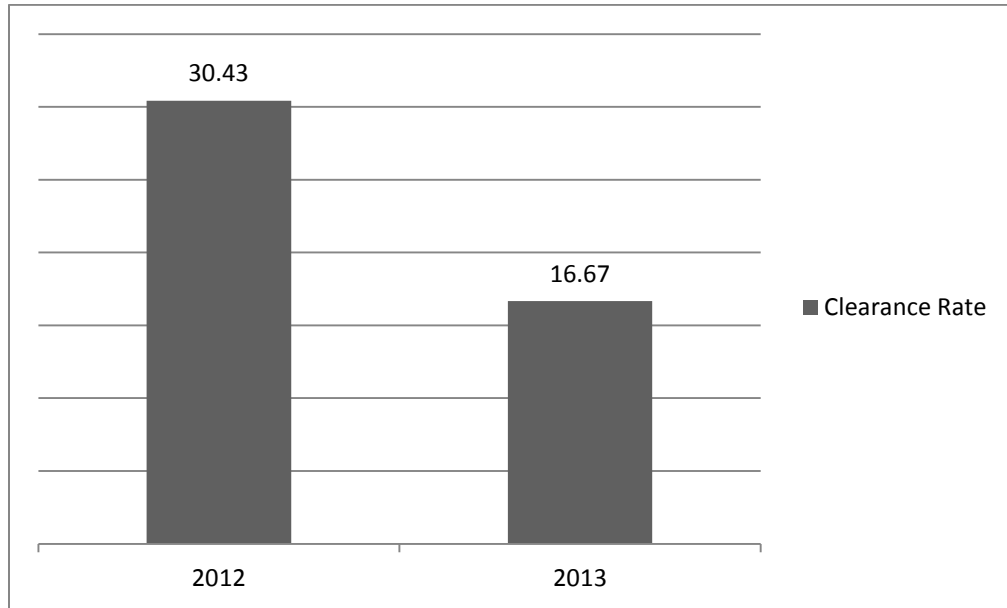


Figure 26 shows the clearance rates for monetary establishments for the years 2012 and 2013. There was a substantial decrease in the clearance rate from 2012 to 2013. The clearance rate for both years was higher when compared to the clearance rates for offices, while they were more modest when compared to the clearance rates for retail business/grocery.

Figure 27: Percentage of Restaurant/Bar Embezzlement Cases Cleared 2012-2013

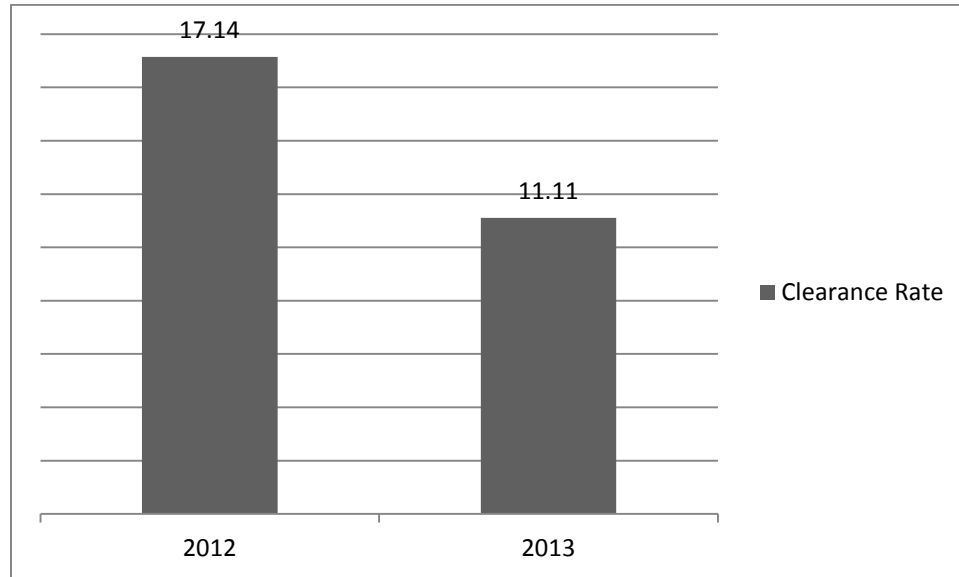


Figure 27 gives the clearance rates for embezzlement cases taking place in a restaurant/bar setting for the years 2012 and 2013. These clearance rates are modest when compared to the clearance rates of retail business/grocery. The clearance rates for restaurants/bar decreased from 2012 to 2013. The LVMPD can adjust policies to try to increase the clearance rates in these situations to achieve a greater deterrent effect.

CHAPTER SIX: DISCUSSION AND CONCLUSIONS

Discussion and Conclusions

This study aimed to answer the following questions: 1) What is the clearance rate for embezzlement in Las Vegas, NV? 2) What is the clearance rate associated with the general category of fraud-related white collar crime in Las Vegas, NV? 3) Are police more effective in deterring specific types of embezzlement cases? Our criminal justice system seeks to apprehend embezzlement criminals and “solve” embezzlement cases. Police departments allocate a limited amount of resources to embezzlement cases in order to solve these crimes. Higher clearance rates for embezzlement incidents should, theoretically lead to a greater deterrent effect on the public, who would weigh the benefits of crime against the likelihood of being caught. A higher clearance rate should lead to a greater perceptual deterrence, because the public would fear being caught and refrain from criminal activity (embezzlement). This particular study focused on embezzlement cases from the years 2012-2013, and has taken clearance rates of embezzlement within different contexts to be compared to one another for these years. The results of the study paint a picture of what the clearance rates for embezzlement were in general from 2012 to 2013 in Las Vegas, along with the clearance rates for a variety of embezzlement situations. The calculated clearance rates indicate the percentage of embezzlement crimes solved by the LVMPD, and point to how likely it is a person will be caught and apprehended by the criminal justice system. The findings point to whether police are more effective in deterring specific types of embezzlement cases over others.

The findings suggest that the LVMPD is not as effective at deterring embezzlement as the rest of the country on average. The average U.S embezzlement clearance rate is 38.37%. However, the clearance rates for total embezzlement in 2012 and 2013 for Las Vegas were 23.6% and 19.3% respectively. These are much lower than the national average, and the LVMPD may be able to increase the clearance rate by changing some policies and practices.

The results of the study indicate that total fraud trends mimic economic trends. A peak in the number of fraud-related calls for service in 2008 is striking. Las Vegas was in an economic downturn during this year, and it could be that people turn toward illicit activities, i.e., embezzlement, when the economy is poor to make up for lost wages or supplement a waning income. While the calls for service may have increased during the recession, Table 2 showed that there was a large percent decrease in the clearance rate for these general fraud cases in 2008. During economic recessions, police departments may be less inclined to devote resources or pursue these financial crimes with vigor.

Economic downturns may cause police departments to be more lax in their efforts to solve fraud cases. Police know that people are struggling to get by financially during recessions, and departments may not be trying as hard to solve these types of cases during shaky economic times. Despite the fact that there appear to be more fraud related calls for service during the recession in 2008, police officers may be less inclined to try to solve these cases in a timely manner, if at all. Additionally, the police's general focus is not on white collar crimes in general or on embezzlement. Because of this, there is little activity when it comes to policy changes relating to these crimes. Police departments are more interested in street level offenses. The recession of 2008 disrupted the stability of

clearance rates in this 2006-2013 window and resulted in a sizable decrease. The time frame must also be considered, because this 2006-2013 period may be limited when it comes to viewing trends.

The findings point to the conclusion that police are more effective in deterring specific types of embezzlement cases. Clearance rates were calculated for a variety of embezzlement types, and this study compared a variety of embezzlement case types to one another. The clearance rates from the year 2012 to 2013 were calculated for misdemeanor and felony embezzlement cases. In 2012, the clearance rate for misdemeanor cases was 45.38% while it was only 14.24% for felonies. In 2013, the misdemeanor embezzlement clearance rate was 37.04%, and it was 11.48% for felonies. These statistics suggest that police are more effective at deterring misdemeanor embezzlement cases. A greater clearance rate for misdemeanor embezzlement cases at each year shows that police are better at solving misdemeanor embezzlement cases as opposed to felony embezzlement cases.

This study also compared clearance rates from the year 2012 to 2013 for Retail Business/Grocery, Office, Monetary Establishments, and Restaurant/Bar embezzlement cases. The study found that the greatest percentage of cleared cases came from the retail business/grocery category which had a clearance rate of 39.29% in 2012 and 36.31% in 2013. The police are worst at solving "Office" embezzlement cases when compared to the other categories. The clearance rates for office embezzlement cases was lowest for both years 2012-2013 at 8.18% and 5.88% respectively, when compared to all three other categories. Police are least effective at "solving" embezzlement cases for offices when compared to retail business/grocery, monetary establishment, and restaurant/bar.

This means that clearance rates for office embezzlement have the smallest deterrent effect when compared to the other three categories. The LVMPD is least effective at deterring embezzlement cases within this office context.

LVMPD/Business Policy Implications

These findings may have policy implications for the Las Vegas Metropolitan Police Department. It is necessary to seriously consider more funding to help police solve more of these embezzlement crimes, or to allocate resources from some other crime area in order to focus on the improvement of embezzlement apprehension and resolution. This could help to achieve a greater deterrent effect by increasing clearance rates. The fact that misdemeanor cases are much more likely to be solved by police when compared to felony cases may also come with some policy implications. Perhaps the LVMPD should consider allocating resources to try to solve more of these felony cases. The LVMPD could switch approaches to try to compensate for the lower clearance rate of felonies by allocating some resources for detection and apprehension from misdemeanor cases to felony cases. It could be the case that businesses more likely to be victimized by misdemeanor embezzlement have better internal safeguards that allow for prompt detection of financial crimes which would increase the likelihood that embezzlement cases would be solved in a timely manner. Encouraging all businesses to improve these internal safeguards should subsequently improve clearance rates. Businesses can improve their security measures by having visible security cameras to deter crime and catch people who are attempting to steal. Improving these systems of responding to and detecting financial crimes should help to increase the likelihood that embezzlement cases are detected and dealt with accordingly.

The police could encourage businesses to have improved communication with the police department. By encouraging businesses to improve communication with the police, embezzlement cases may be solved sooner through more prompt detection, and embezzlers could be punished more often. However, it must be acknowledged that businesses are often reluctant to involve law enforcement. Businesses can improve their own policies to reduce embezzlement occurrences. By having staff in-services and training courses that teach professionalism and ethics, employees can be informed about the consequences of stealing.

The findings also point to the fact that police are most effective at “solving” embezzlement cases taking place in retail businesses/grocery. The police are least effective at “solving” embezzlement cases taking place in offices. In order to raise the clearance rate for office embezzlements, the LVMPD should allocate more resources to embezzlement cases taking place in these office environments. Situational factors may make it so that metro has a difficult time solving these types of embezzlement cases, which is why more resources are needed in these office settings. Resources to solve crime could be switched from retail businesses/grocery or from monetary establishments to embezzlement cases in these office environments. This could help to raise the clearance rates for office embezzlement cases by taking resources from areas that can afford it. Unfortunately, it is difficult for police to allocate resources because of funding and administrative red tape, but offices can still improve the likelihood of solving embezzlement by being systematic in preventative and detection measures. Perhaps offices can restructure their layouts to have it so that employees are being watched more closely. Offices can have improved security measures and increased penalties for those

who steal. By having office workers report to management often, this may help to ensure employees are complying with the rules. These measures may also help to deter embezzlement and decrease its prevalence.

Overall, these types of policy changes could help to raise clearance rates for cases that have the lowest clearance rates, and can help to achieve greater deterrence in the types of cases whose clearance rates lack significant deterrent effects. Additionally, the LVMPD could start to hire more police officers in general, to help increase the efficiency of apprehending and solving embezzlement cases. An increase in overall manpower could help to raise clearance rates, and deter future crime.

Study Limitations

The limitations to the study are that the study/analysis is limited by the amount and type of data provided by the LVMPD. This study is highly unique, and little research has been conducted with these types of data. Cleared cases, representing embezzlement crimes solved by the police, point to system efficiency and provide a way to measure how well/poorly police apprehend and arrest embezzlers. Alternatively, cases that have not been cleared have not received this designation. The labels given to the dispositional status of cases may give rise to some limitations within the study. Gina Fackrell, the Manager of the Analytical Section of the LVMPD said that The Las Vegas Metropolitan Police Department does not always update the disposition (closed/open) of cases. Some cases included in this study are more than five years old, and the labels are not always updated. This is because case dispositions must be manually changed, and the LVMPD may not have the funding or resources to update this information. Therefore, the data

may not be up-to-date and may not be perfectly accurate (personal communication with G. Fackrell, March 12, 2014).

Other data limitations involve the “dark figure of crime” associated with crime situations that have been unreported. Our data represents crime that has been discovered and reported to the police. There is a tremendous amount of unreported embezzlement crime, so our study of reported crime is limited in its accuracy. Many cases, especially for misdemeanor embezzlement incidents, are not reported, and formal charges may not have been filed. Some embezzlement cases for businesses go unreported, because they do not want to bother to file formal charges (G. Fackrell, personal communication, March 12, 2014). Many businesses would rather take these crimes as “losses” so that they do not have to go through the hassle of getting the police involved. This is especially true for smaller embezzlement amounts. Additionally, the LVMPD has seen a loss in the number of officers from 2011 to 2013 (G. Fackrell, personal communication, March 12, 2014). This may contribute to decreases in efficacy for apprehension of embezzlement cases, but this is unlikely to significantly affect findings because white collar cases are not considered priority cases in the first place. Ms. Fackrell also said that the LVMPD focuses more on violent/street level offenses. Other data limitations arise from the system of labelling used by the LVMPD. Other charges may have been given the label “embezzlement” within this dataset for convenience, which gives rise to issues of internal validity (G. Fackrell, personal communication March 12, 2014). The umbrella term of “embezzlement” may have been used for criminal situations that may not by definition be embezzlement cases.

The study is limited by these types of problems associated with statistical data, generally. The statistical data, having come from human beings, are subject to human error. Misclassifying case types is another data limitation or potential source of error for the study. Overall, this study has some limitations, but none of these are large enough to discredit the results. We can still learn something by examining these data.

Future Research

Areas of future research should also be considered. This particular study called for calculations and analyses of embezzlement clearance rates. Clearance rates could also be analyzed for other types of white collar crimes as well. Embezzlement is an example of a highly pervasive crime around the world, but there are other types of white collar crimes that also have negative societal impacts. Perhaps future studies could include analyses of clearance rates for forgery or check fraud. These clearance rates could be compared to each other and to embezzlement to see which white collar crimes the police are better at solving.

Future studies could help to answer the question of whether embezzlement cases with certain characteristics are more likely to be solved. Embezzlement cases could be separated and clearance rates analyzed for embezzlement occurring at night or in the daytime. This could help to establish which cases the police are better at solving.

Future studies of embezzlement clearance can be made with datasets having larger time frames. Having a larger time frame could allow for analysis to determine if the LVMPD is increasing or decreasing in its ability to solve these cases over time. This study was limited in its findings because of its limited access to data from multiple years.

Future research could address concerns of a wider scope. Instead of having a snapshot in time given by data from two years, trends can be discovered and system efficiency can be measured by analyzing data with a wider range of years. By getting access to embezzlement data for many years past, trend analyses can be done to determine the level to which police have improved.

Other areas of future research could analyze the same dataset and look for different trends. Future research projects could aim to determine which case types fall under each severity label. Knowing whether embezzlement cases in offices are given predominately felony distinctions could provide a lot of insight into the general issue. Additionally, discovering whether embezzlement taking place in retail businesses/grocery contexts are given predominately misdemeanor labels would be highly useful.

Overall, by having different criteria for separating cases and analyzing clearance rates, the possibilities are nearly limitless. A lot can be learned by analyzing clearance rates associated with embezzlement, so that police departments can know what types of cases they are adequately solving and know what types of cases they need to focus their efforts. These are areas where future research can help tremendously.

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