



Examination of Economic Crimes In Virginia Using Incident-Based Crime Data

Virginia Department of Criminal Justice Services
1100 Bank Street, Richmond, Virginia 23219
www.dcjs.virginia.gov

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“White-Collar” Economic Crime – What is it and how is it Measured?

The Federal Bureau of Investigation (FBI) describes white collar crime as follows:

“Reportedly coined in 1939, the term white-collar crime is now synonymous with the full range of frauds committed by business and government professionals. These crimes are characterized by deceit, concealment, or violation of trust and are not dependent on the application or threat of physical force or violence. The motivation behind these crimes is financial—to obtain or avoid losing money, property, or services or to secure a personal or business advantage. “

When we think about white-collar crime, the focus tends to be immediately on the high socioeconomic status of the offender (“white collar” as opposed to “blue collar”). White-collar criminals are seen as in positions of authority within an organization, well-educated and connected, and with access to all of the resources needed to prey on victims.

While the FBI definition specifies that white-collar offenders are “business and government professionals,” it is the second part of the definition that shifts the focus to the crimes themselves. These crimes are frauds committed for financial gain. And any offender, regardless of socioeconomic status, can commit fraud for financial gain. When the offender is removed from the definition, these offenses can be thought of as economic or financial fraud. Recasting white-collar crime this way, in terms of the offense and not the offender, allows for using Incident-Based Reports data to identify and measure these crimes. IBR data does not include information on the socioeconomic status of offenders, but it does report on the types of fraud offenses, victims, offenders, and property taken in the commission of the crime.

In its 2002 report *The Measurement of White-Collar Crime Using Uniform Crime Reporting (UCR) Data*, the FBI noted that “The true extent and expanse of white-collar crime is unknown.” The report further noted that “Under the traditional Summary Reporting System, there is a limited amount of information available on white-collar crime,” and that a major reason for that is that “Many of the statutes that criminalized certain white-collar offenses would not yet have been enacted” when the summary reporting system was developed in the 1920s.

At the time that the FBI’s 2002 report was published, NIBRS adoption was barely beginning in the US, but the report stated that “There is promise that the ability to measure white-collar crime will improve with further implementation of the National Incident-Based Reporting System (NIBRS), the UCR program’s major modernization effort.”

In this report, Virginia NIBRS data is used to describe white-collar crime (also referred to as economic or financial crime) in Virginia from CY2011-2020. Specifically, it examines:

- Numbers and types of economic crimes reported from 2011 through 2020
- Percent changes in economic crimes over the 10-year period 2011-2020, and over the recent two-year period 2019-2020
- Victims, offender and arrestees involved
- Use of computers
- Types of property involved
- Dollar values involved

In NIBRS, all financial or economic fraud crimes are classified as crimes against property. Table 1 lists all of the NIBRS property offenses.

Table 1. List of All NIBRS Property Offenses

Economic or financial crimes	All other property crimes
Counterfeiting/Forgery	Robbery
Fraud Offenses	Arson
False Pretenses/Swindle/Confidence Game	Extortion/Blackmail
Credit Card/Automated Teller Machine Fraud	Burglary/Breaking and Entering
Impersonation	Larceny-Theft Offenses
Welfare Fraud	Pocket-picking
Wire Fraud	Purse-snatching
Identity Theft	Shoplifting
Hacking/Computer Invasion	Theft From Building
Embezzlement	Theft From Coin-Operated Machine or Device
Bribery	Theft From Motor Vehicle
Bad Checks (arrests only)	Theft of Motor Vehicle Parts or Accessories
	All Other Larceny
	Motor Vehicle Theft
	Stolen Property Offenses (Receiving, Selling, Etc.)
	Destruction/Damage/Vandalism of Property

In this report, the NIBRS offenses that will be used to describe economic/financial fraud crimes reported by law enforcement in Virginia are: Counterfeiting/Forgery, False Pretenses/Swindle/Confidence Game, Credit Card/ATM Fraud, Impersonation, Welfare Fraud, Wire Fraud, Identity Theft, Hacking/Computer Invasion,¹ Embezzlement, Bribery, and Bad Checks.

All of these offenses except for Bad Checks are Group A offenses, meaning that information about the offense, victims, offenders, and property taken in the incident is reported and can be analyzed. Bad Checks is a Group B offense, meaning that only information about arrests is reported (to simplify, arrests for Bad Checks will be considered an economic fraud offense throughout this report). NIBRS data for the ten-year period 2011 through 2020 was analyzed to characterize economic fraud in Virginia. All annual figures refer to calendar years.

Economic Crime Trends in Virginia

Table 2 shows the total number of reported property crimes over the 10-year period 2011 through 2020. Virginia law enforcement agencies reported over 2.6 million property offenses in NIBRS. About 16% (416,870) of these were financial/economic fraud crimes, and about 17% (76,643) of the property crime arrests were for economic crimes. 15% of all property crime victims were victims of economic crime.

¹ Identity Theft and Hacking/Computer Invasion were first reportable in VAIBRS on January 1, 2019.

Table 2. Total crimes, victims, offenders and arrests by crime type, 2011-2020

	Offenses	Victims	Known offenders**	Unknown offenders	Arrests**
All crime types	4,300,846	4,361,180	2,699,213	1,196,599	2,934,379
Total property crime	2,642,216	2,859,705	1,234,227	1,076,911	459,745
Economic crime total	416,870	441,791	222,407	133,778	76,643
Counterfeiting-Forgery	64,615	69,616	47,764	14,431	17,984
Fraud offenses total	325,543	344,733	147,170	118,245	44,657
False Pretenses/Swindle/Con Game	158,660	167,912	91,371	40,167	30,796
Credit Card/ATM Fraud	85,779	90,922	30,177	39,250	3,856
Impersonation	59,104	62,866	20,915	32,643	8,996
Welfare Fraud	943	965	736	179	545
Wire Fraud	13,769	14,442	1,617	4,790	69
Identity Theft*	6,857	7,174	2,253	1,144	382
Hacking/Computer Invasion*	431	452	101	72	13
Embezzlement	26,465	27,188	27,187	1,094	13,880
Bribery	247	254	286	8	122
Bad Checks (arrests only)	~	~	~	~	9,972
All other property crime total	2,225,346	2,417,914	1,011,820	943,133	383,102

*First reportable in 2019

**Age 10 and older

The majority of the 416,870 economic crimes (325,543, or 78%) were fraud offenses. Of these frauds, the most frequently reported was False Pretenses/Swindle/Con Game (158,660 or 49%). The second most frequently reported economic crime was Counterfeiting-Forgery (64,615, or 15% of all economic crimes).

Figure 1 shows the 10-year trend in the number of all property crime in Virginia. The left figure shows the total numbers of property crimes and property crimes that are *not* economic crimes (“Total all other property crimes”). The figure on the right shows the total number of economic crimes. Throughout this report the derived economic fraud statistics are compared against the same statistics for all other property crimes. This comparison will be used to illustrate some of the similarities and differences between economic crimes and other types of property crimes.

As seen in Figure 1, although the number of all property crimes reported annually has decreased over the 10-year period 2011-2020, the number of economic crimes has increased. The annual number of all property crimes dropped from 304,439 in 2011 to 221,414 in 2020 – a 27% decrease. Similarly, the number of non-economic (all other property crimes) dropped from 266,233 in 2011 to 181,452 in 2020 – a 31% decrease. However, over the same period, the number of economic property crimes increased from 38,206 in 2011 to 39,962 in 2020 – a nearly 5% increase (the number of economic crimes peaked in 2016 at 47,208 crimes reported).

Figure 1. Annual number of property crimes, by crime type, 2011-2020

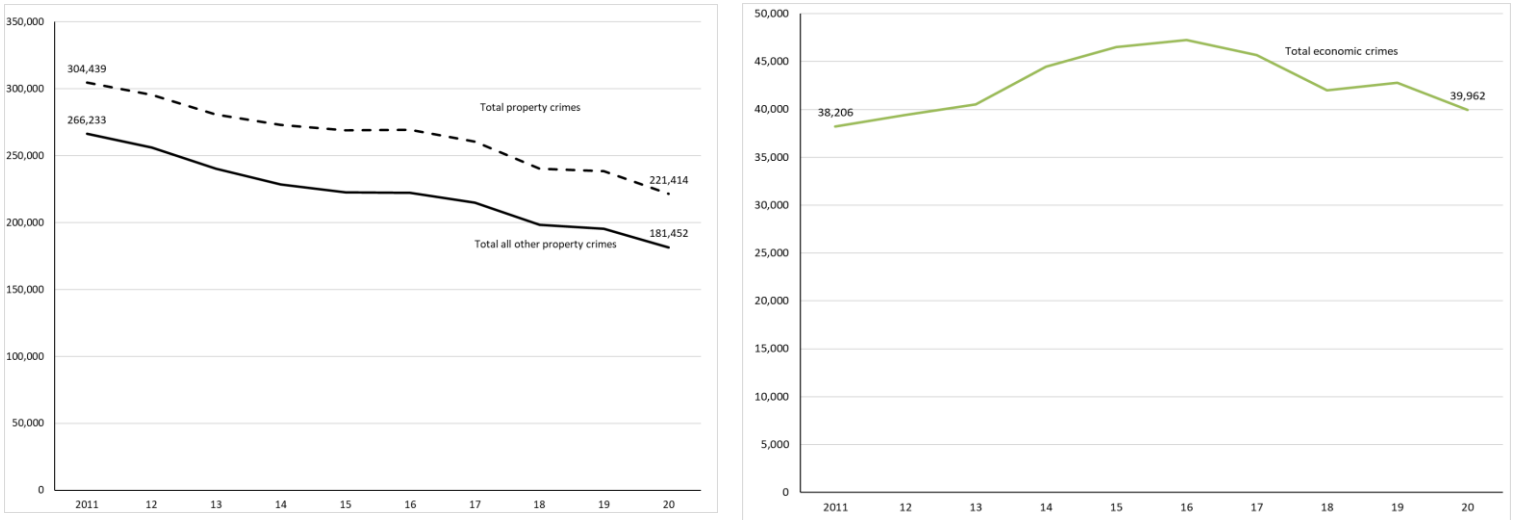


Table 3 below shows the numbers and percentage changes in property crimes by crime type, for the 10-year period 2011-2020 and the recent two-year period 2019-2020.

The specific fraud offenses increased by 30%, led by a 330% increase in the number of wire frauds and a 26% increase the number of false pretenses/swindle/confidence game crimes. The number of arrests for bad checks decreased by 90%, probably reflecting the decrease in the use of checks as more financial transactions moved on-line.

Table 3. Percent change in property crimes by crime type, 2011-2020 and 2019-2020

	Number of offenses by year			Percent change	
	2011	19	20	2011 to 2020	2019 to 2020
Total property crimes	304,439	238,239	221,414	-27.3%	-7.6%
Economic crime total	38,206	42,772	39,962	+4.6%	-7.0%
Counterfeiting-Forgery	7,071	6,132	4,33*3	-38.7%	-41.5%
Fraud offenses total	26,008	33,600	33,586	+29.1%	-0.0%
False Pretenses/Swindle/Con Game	12,472	16,118	15,755	+26.3%	-2.3%
Credit Card/ATM Fraud	8,284	7,999	6,894	-16.8%	-16.0%
Impersonation	4,557	4,633	3,794	-16.7%	-22.1%
Welfare Fraud	105	94	90	-14.3%	-4.4%
Wire Fraud	590	1,985	2,536	+329.8%	+21.7%
Identity Theft*	~	2,635	4,222	~	+37.6%
Hacking/Computer Invasion*	~	136	295	~	+53.9%
Embezzlement	2,833	2,624	1,795	-36.6%	-46.2%
Bribery	25	38	27	+8.0%	-40.7%
Bad Checks	2,269	378	221	-90.3%	-71.0%
All other property crime total	266,233	195,467	181,452	-31.8%	-7.7%

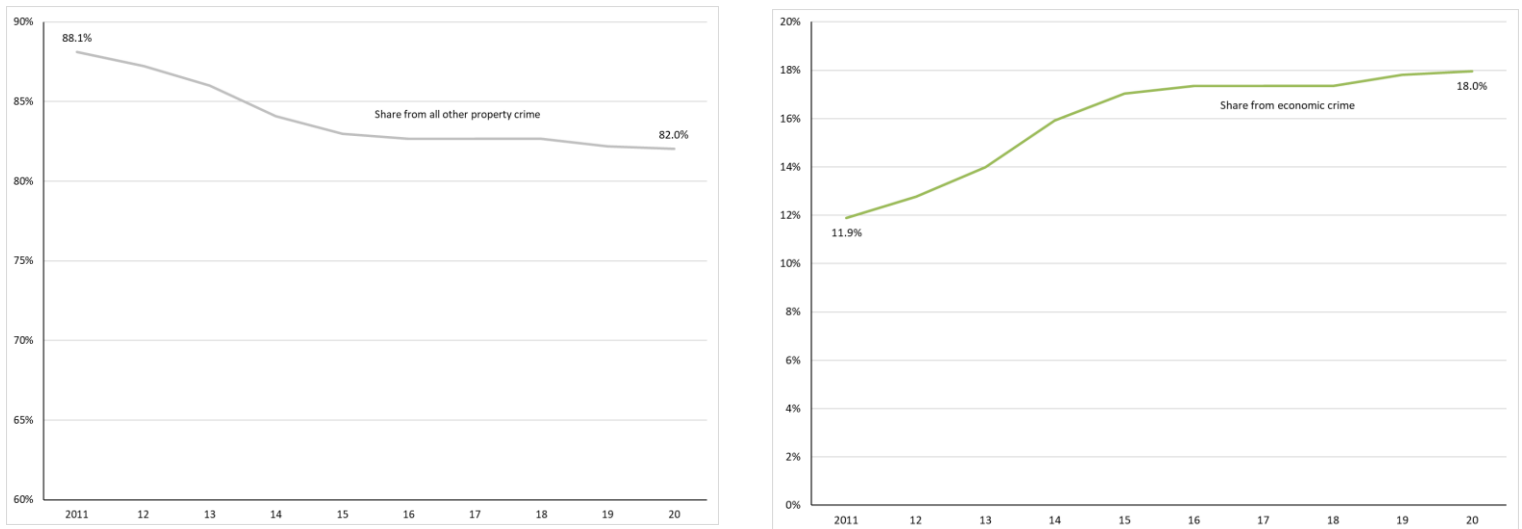
*First reportable in 2019

For the two-year period from 2019 to 2020, nearly all types of property crime decreased (by 8%), including economic fraud crimes overall (by 7%). The exceptions to this decrease in property crimes were for wire

fraud (up 22%), identity theft (up 38%), and hacking/computer invasion (up 54%), which again likely reflect the growth in crimes committed using electronic technology. It is also possible that some of the growth of these crimes in 2020 reflects that these types of crimes can be committed remotely, which may have increased when many people were spending more time at home due to the Covid-19 pandemic lockdowns.

Figure 2 shows economic/financial fraud crimes as a share of all property crimes over time. From 2011 to 2020 the annual share of property crimes that were white-collar type crimes increased from 12% to 18%, while all other property crimes decreased from 88% to 82% of all property crimes.

Figure 2. Annual share of total property crime made up of noneconomic and economic crime, 2011-2020



Computer use in Economic Crime

The NIBRS data element *Offender Suspected of Using* indicates “...whether any of the offenders in the incident were suspected of consuming alcohol or using drugs/narcotics during or shortly before the incident, or using computer equipment to perpetrate the crime,” and up to three distinct values (Alcohol, Computer Equipment, and/or Drugs) may be reported for any offense (not just property crimes). This data element can be used to gauge the extent of computer use in economic crime.

Of the crimes reported where a computer was used, 56% were economic crimes. The four economic offenses most often associated with computer use were, in rank order of frequency, False Pretenses/Swindle/Con Game (19% of crimes reported where a computer was used), Credit Card/ATM Fraud (13%), Impersonation (13%), and Pornography/Obscene Material (10%, and is captured within the “Total all other offenses” category). These figures are shown in Table 4 below.

Table 4. Number of offenses with suspected computer use by offense type, 2011-2020.

Number of Percent of

	Offenses	Total offenses
Total offenses with computer use	32,578	100.0%
Total economic offenses	18,154	55.7%
Counterfeiting/Forgery	1,099	3.4%
Fraud offenses	16,426	50.4%
False Pretenses/Swindle/Con Game	6,153	18.9%
Credit Card/ATM Fraud	4,163	12.8%
Impersonation	4,167	12.8%
Welfare Fraud	83	0.3%
Wire Fraud	1,524	4.7%
Identity Theft*	293	0.9%
Hacking/Computer Invasion*	43	0.1%
Embezzlement	626	1.9%
Bribery	3	0.0%
Total all other offenses	14,424	44.3%

Property Involved in Economic Crime

In NIBRS, a dollar value (if known) is assigned by the reporting law enforcement agency for all property associated with certain types of criminal incidents (i.e., incidents where property was burned, counterfeited/forged, destroyed/damaged/vandalized, recovered, seized, or stolen). A \$1.00 value is assigned for each unknown property value. A dollar value of zero or null is assigned for certain types of lost property including:

- credit/debit cards
- non-negotiable instruments which are defined as “any document requiring further action to become negotiable” and include unendorsed checks or money orders, stocks or bonds or traveler’s checks
- any intangible item such as identity or data
- documents

Figure 3 compares the dollar values assigned to property lost in economic crimes and all other types of property crimes. From 2011 through 2020, a total of 16% of the property in all other property-related incidents had an unknown (7.3%) or zero (8.8%) value assigned. In contrast, a total of 40% of the property associated with economic crimes was assigned an unknown (15.5%) or zero/null (24.4%) value. This highlights the difference in the types of property taken in non-economic vs. economic crimes. Other property crimes involved mostly tangible items, such as merchandise or automobiles, whereas economic crimes involved taking more intangible items such as documents or identity.

Figure 3. Distribution of assigned lost property value by crime type, 2011-2020

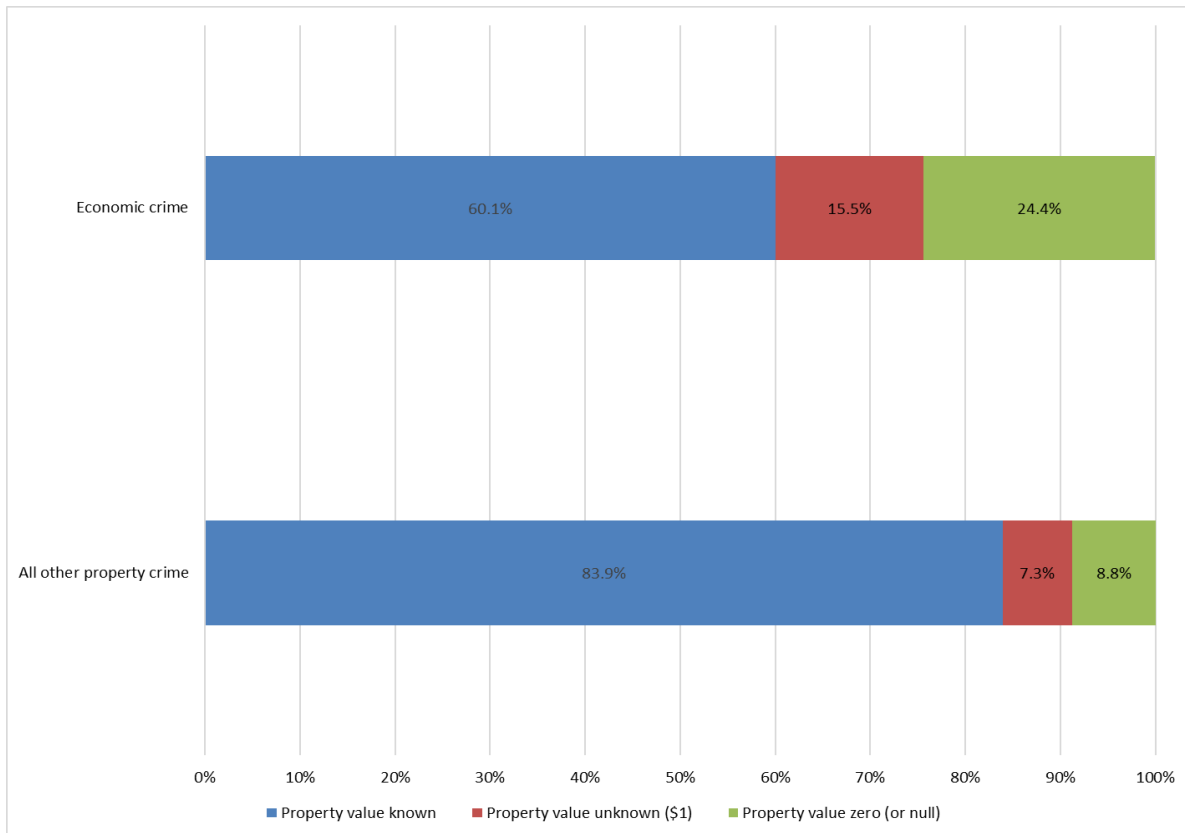


Figure 4 shows that money and zero dollar value properties are the types of stolen items most frequently associated with economic crime, and they are more frequently associated with economic crime than with all other types of property crime (property type “Other” is defined as “All other property not fitting the specific descriptions of the data values identified”). Money and zero-dollar value items were reported stolen three times more often in economic crime incidents than in all other incidents of property crime. Money alone comprised 33% of all property reported stolen in economic crime incidents, compared to only 11% of property stolen in all other incidents of property crime.

Figure 4. Distribution of property types lost in property crimes by crime and property type, 2011-2020

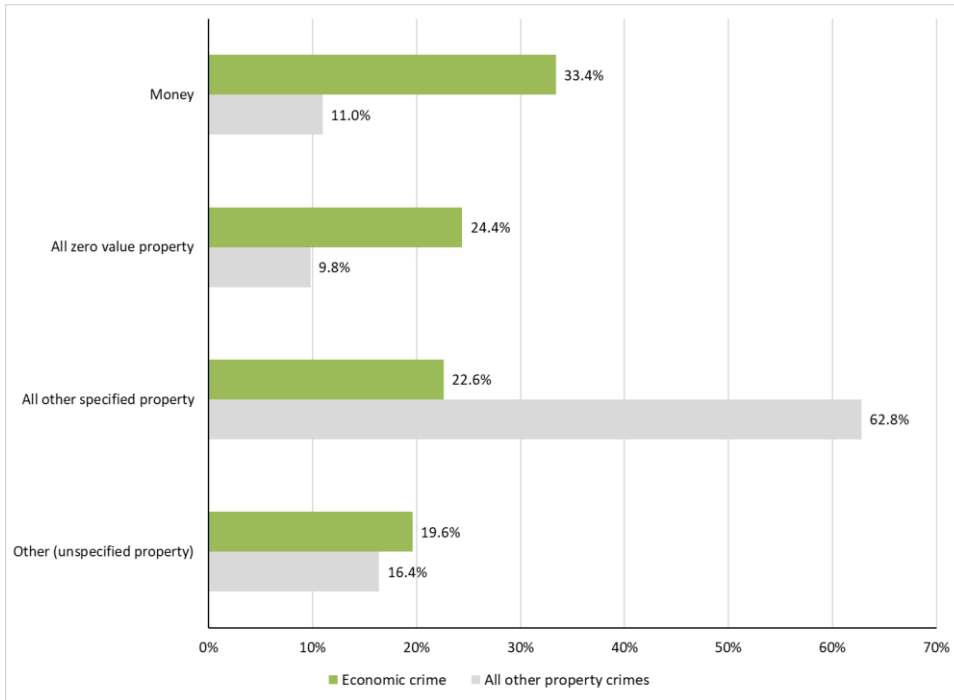


Table 5 shows the dollar value of money and other property reported lost in economic fraud incidents versus all other property crimes. The dollar value of money reported lost was three times higher for economic crimes than for all other property crimes, while the value for all other lost property was six times higher for all other property crimes than for financial fraud. This again illustrates a difference between the two types of crime: more tangible, real property stolen versus intangible property. It should also be noted that nearly one-quarter of what is lost in incidents of economic fraud is reported with value of \$0, while this is the case for only about 10% of all other property crime.

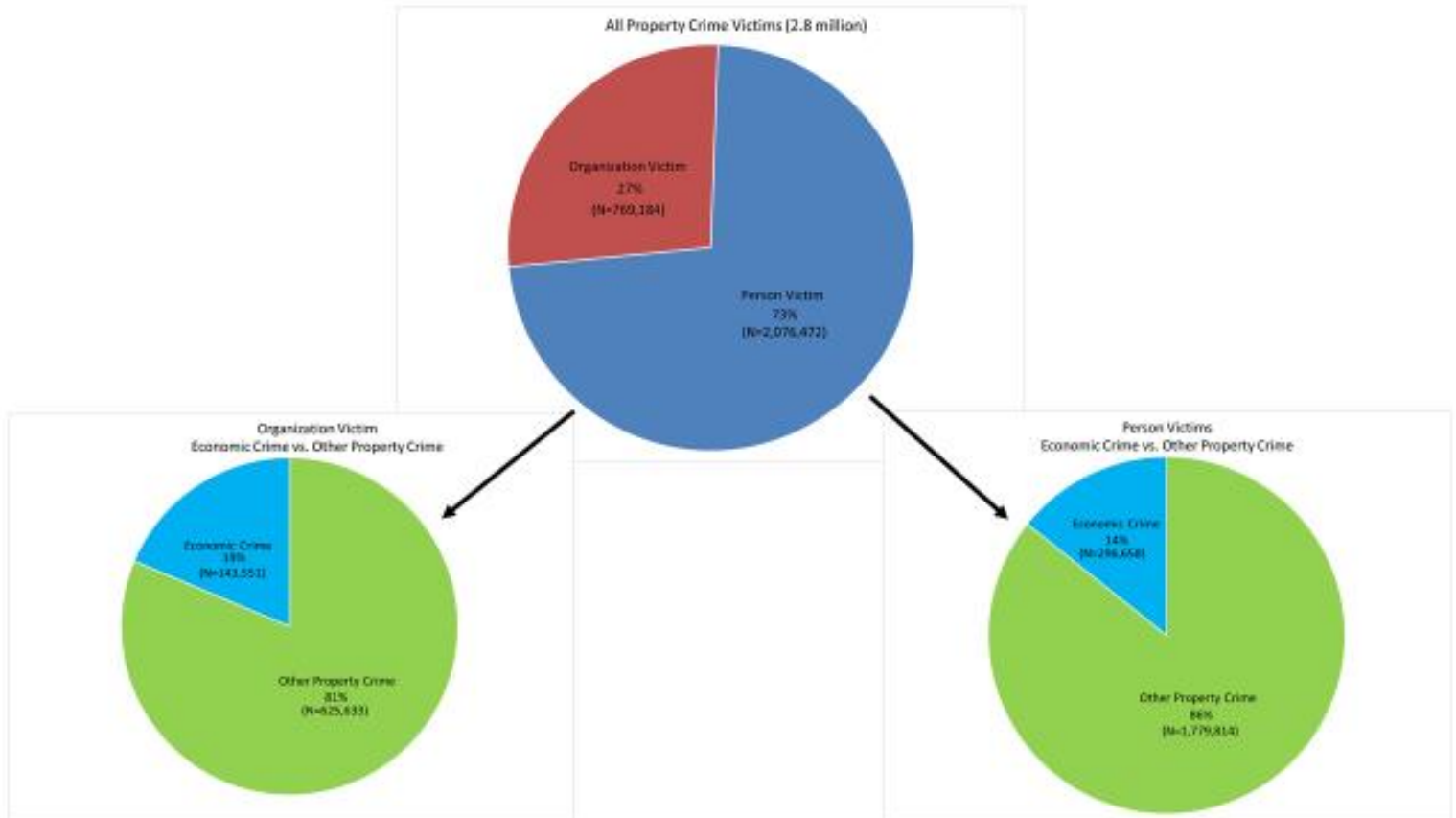
Table 5. Dollar value of property lost in property crimes by crime and property type, 2011-2020

Property type lost	Dollar value economic fraud crime	Dollar value all other property crimes
Money	\$618,864,932	\$189,465,931
All other specified property	\$246,822,142	\$1,795,659,525
Other (unspecified property)	\$71,523,962	\$204,256,192
Total	\$937,211,036	\$2,189,381,648

Victims of Economic Crime

Figure 5 below shows that persons made up the majority of the victims of property crimes, whether they were economic crimes or other types of property crimes. Of the roughly 2.8 million property crime victims from 2011-2020, 73% (2,076,472) were persons and 27% (769,184) were organizations. In NIBRS, person includes the victim type codes Individual and Law Enforcement Officer. Organization include the victim types coded Business, Financial Institution, Government, Religious Organization, Society/Public, and Other.

Figure 5. Victims of Economic Crimes and Other Property Crimes, by Victim Type, 2011-2020

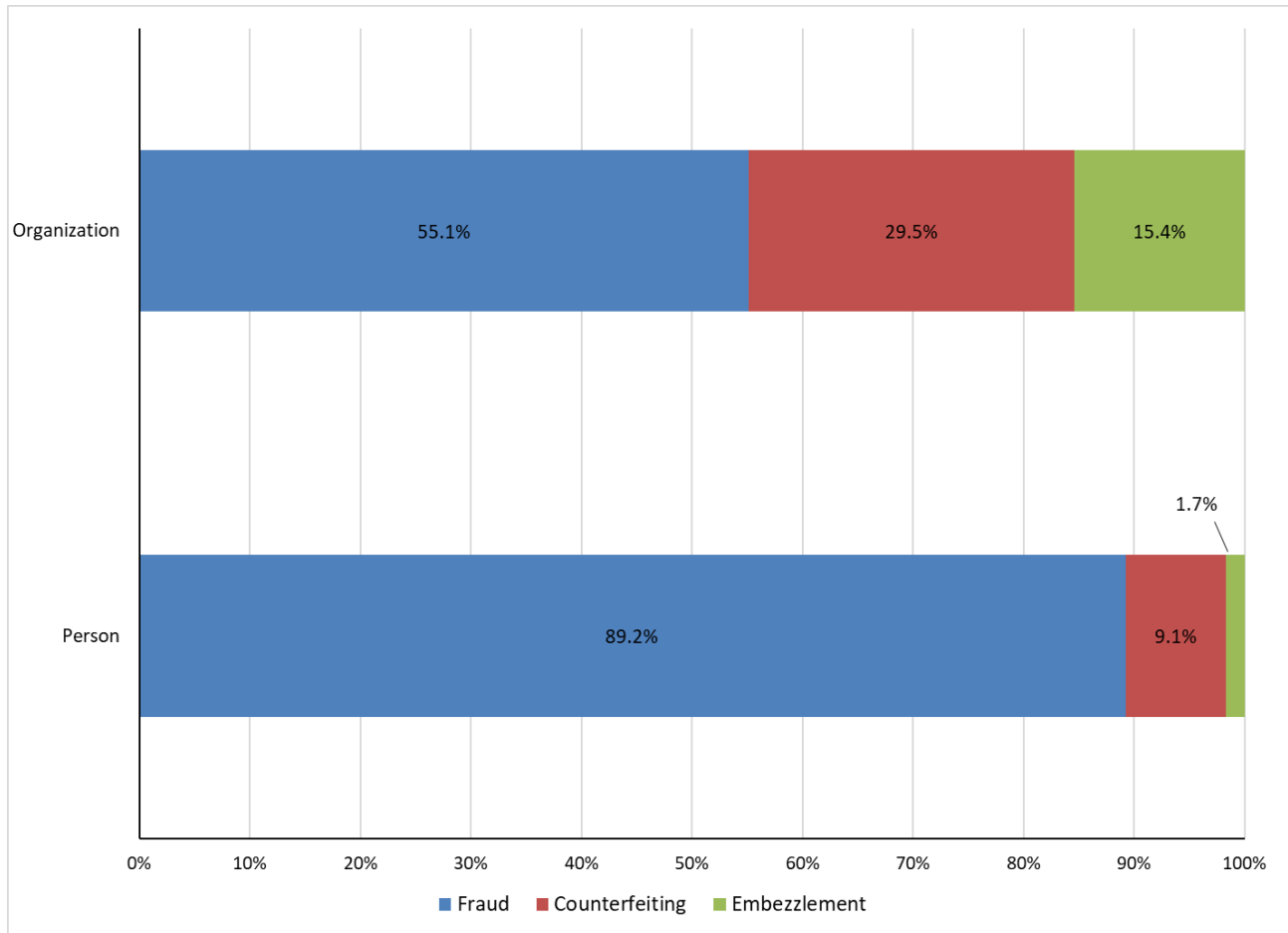


Economic crimes made up a similar percentage of all property crimes for both organization victims (19%) and person victims (14%). For both types of victims, other property crimes made up more than 80% of all property crimes.

Although the percentages of economic crimes are similar for both person and organization victims, the types of economic crimes committed against each group are quite different.

Figure 6 shows that economic crimes against persons were overwhelmingly frauds (89%), followed by counterfeiting (9%) and embezzlement (2%). Economic crimes against organizations were more evenly distributed. More than half (55%) of were frauds, followed by counterfeiting (29%) and embezzlement (15%).

Figure 6. Distribution of economic crimes committed against person and organization victims, 2011-2020



Offenders in Economic Crime

Table 6 presents data on the demographics of known property crime offenders by offense type for the period 2011-2020. Overall, offenders in incidents of economic/financial fraud were most likely to be male, white, and between the ages of 18 and 34.

- Among economic crimes overall, offenders were much more likely to be male (61%) than female (38%). The exceptions were for welfare fraud (73% were female) and bad checks (55% were female).
- Economic crime offenders overall were more likely to be white than black or other race (54%, 42%, and 1%, respectively). Whites were the most frequent offenders in all types of economic crimes.
- Persons age 18-34 made up the majority (58%) of economic crime offenders.
- Juveniles (age 10-17) made up only 3% of economic crime offenders overall, but made up 11% of offenders in economic crimes involving hacking or computer invasion.
- Elders (age 65 and over) made up only 1.5% of economic crime offenders, but made up 5% of offenders involved in wire fraud.

Table 6. Demographics of known property crime offenders by offense type, 2011-2020

	Number of offenses with offender known	Race					Age					
		Female	Male	White	Black	Other	10 to 17	18 to 24	25 to 34	35 to 44	45 to 64	65 plus
Total property crimes	1,244,199	31.9%	67.7%	51.7%	45.8%	0.9%	14.4%	29.2%	27.4%	14.9%	13.1%	1.0%
Economic crime total	232,379	38.5%	61.0%	53.6%	42.4%	1.1%	3.4%	24.9%	33.2%	20.0%	17.0%	1.5%
Counterfeiting-Forgery	47,764	36.1%	63.5%	52.6%	44.5%	1.1%	3.1%	26.7%	34.7%	18.7%	15.4%	1.4%
Fraud offenses total	147,170	36.4%	62.8%	53.3%	42.3%	1.1%	3.7%	24.0%	33.7%	20.1%	17.0%	1.5%
False Pretenses/Swindle/Con Game	91,371	35.2%	64.1%	55.1%	40.5%	1.2%	2.6%	21.9%	33.2%	21.0%	19.3%	1.9%
Credit Card/ATM Fraud	30,177	38.9%	60.4%	52.0%	43.8%	0.8%	6.3%	28.9%	34.4%	17.5%	12.3%	0.6%
Impersonation	20,915	35.9%	63.6%	48.3%	47.9%	1.2%	4.9%	27.7%	34.0%	19.1%	13.6%	0.8%
Welfare Fraud	736	73.2%	26.5%	50.0%	47.0%	0.8%	0.3%	7.3%	39.7%	28.1%	21.6%	3.0%
Wire Fraud	1,617	41.9%	51.7%	43.7%	34.8%	1.4%	2.4%	17.9%	35.9%	20.8%	18.2%	4.8%
Identity Theft*	2,253	40.8%	57.9%	49.3%	46.4%	0.8%	4.0%	21.7%	36.4%	21.3%	15.3%	1.4%
Hacking/Computer Invasion*	101	33.7%	65.3%	73.3%	18.8%	0.0%	10.9%	16.8%	30.7%	18.8%	19.8%	3.0%
Embezzlement	27,187	48.0%	51.9%	52.0%	46.1%	1.4%	3.5%	32.1%	29.8%	18.5%	15.3%	0.8%
Bribery	286	28.7%	71.3%	62.6%	35.2%	4.8%	2.8%	21.3%	32.5%	22.0%	19.6%	1.7%
Bad Checks	9,972	54.6%	45.4%	71.1%	28.2%	0.8%	0.1%	9.0%	28.7%	29.5%	29.6%	3.0%
All other property crime total	1,011,820	30.4%	69.2%	51.0%	47.0%	0.9%	17.0%	30.2%	26.0%	13.8%	12.2%	0.9%

Totals may not up to 100% because unknowns are excluded

*First reportable in 2019

Summary

In Virginia over the 10-year period 2011–2020, more than 2.6 million property crimes involving more than 2.8 million victims were reported to law enforcement. Economic crimes made up 16% (416,870) of these property crimes and involved 15% (441,791) of property crime victims

- 78% of the economic crimes reported were fraud offenses. Of these frauds, the most frequently reported was False Pretenses/Swindle/Con Game (49%).
- From 2011 through 2020, the number of property crimes overall dropped by 27%, but the number of economic crimes increased by nearly 5%.
- In 2011, economic crimes made up 12% of all property crimes, but by 2020 economic crimes increased to 18% of all property crimes.
- Economic crimes reported in Virginia from 2011-2020 cost victims more than \$937 million.
- Economic crimes against persons were overwhelmingly frauds (89%), followed by counterfeiting (9%) and embezzlement (2%), while economic crimes against organizations were mainly frauds (55%), followed by counterfeiting (29%) and embezzlement (15%).
- Among economic crimes overall, offenders were much more likely to be male (61%) than female (38%). The exceptions were for welfare fraud (73% were female) and bad checks (55% were female).
- Offenders age 18-34 made up the majority (58%) of economic crimes.

Although NIBRS provides a more complete and detailed description of economic crimes than was previously available under the Summary Reporting System. However, much still remains unknown about the extent and nature of economic crimes in Virginia and the US. The April 2021 US Bureau of Justice Statistics report *Financial Fraud in the United States, 2017* noted that only about one in seven of the 3.0 million persons who experienced personal financial fraud in 2017 reported the fraud to police, and that they lost more than \$3.2 billion in total.

Furthermore, the report *How Much does White Collar Crime Cost?* (National White Collar Crime Center, publication date unknown) cited several studies indicating that in the US losses from white collar crime may be 10 to 20 times higher than the total, direct economic losses from personal and household crime combined.