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LAW ENFORCEMENT ASSISTANCE ADMINISTRATION SUPPORT FOR ACTIVITIES
TO COMBAT WHITE COLLAR CRIME

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LAW ENFORCEMENT ASSISTANCE ADMINISTRATION SUPPORT FOR ACTIVITIES
TO COMBAT WHITE COLLAR CRIME

The Law Enforcement Assistance Administration (LEAA) within the Department of Justice, established under title I of the Omnibus Crime Control and Safe Streets Act of 1968,^{1/} represents the major Federal effort providing financial aid and technical assistance for strengthening the criminal justice system and improving the nation's capacity for crime prevention and control. Over its eleven year life the agency has had appropriations totalling about \$7.25 billion for planning and action grant programs as well as for activities providing technical assistance, research and development, and statistical support in the area of crime control.

The Congressional Research Service was requested by the House Subcommittee on Crime to examine support under LEAA auspices for activities to combat and control white collar crime, in connection with the Subcommittee's consideration of LEAA's reauthorization. Although specific definitions of white collar crime vary, for the purposes of this review we are including such offenses as public corruption, embezzlement, forgery, counterfeiting, computer crime, fraud -- including fraud against government programs, employee theft, and antitrust violations.

LEAA support for white collar crime projects could be provided under a number of its programs as authorized by the title I enabling legislation.

^{1/} 42 USC 3701 et seq.

The LEAA block grant program established under Part C of the legislation accounts for the greatest single portion of the agency's appropriations. These grants are lump sum grants allocated to the States on the basis of relative population for the general purposes of improving and strengthening law enforcement and criminal justice. Each State decides how its annual block grant will be reallocated for specific projects but such decisions must be based on a general criminal justice plan created by a State planning agency and approved by LEAA. Block grants may cover up to 90 percent of the costs of a particular project.

There are a number of non-block grants available from LEAA which provide an indication of what agency priorities or Congressional priorities may be at a given time. One of these is LEAA's major discretionary action grant program, also established under provisions of Part C of title I. These grants are available for State governments, local governments and non-profit private agencies for general crime control activities that LEAA considers important and consistent with the provisions of the enabling legislation. These grants may be for up to 90 percent of the cost of a program or project.

Another major non-block program under which grants are awarded by LEAA to community and citizen groups is the Community Anticrime Program. This program, authorized under LEAA's 1976 amendments, funds neighborhood-based crime prevention and public safety activities.

General research, statistical, and training assistance as well as technical assistance are authorized under various provisions of Part D of title I.

The following is a statistical summary of LEAA support for white collar crime activities, derived from information supplied by the agency, as well as a description of some of the more significant programs undertaken with such support. We have included only those projects and activities that could be identified as having white collar crime as a specific focus. In order to distinguish the particular LEAA programs under which assistance was provided, the report is separated into the following sections: block grants; non-block action grants, including Part C discretionary funds, technical assistance and other action grants; and non-block research and statistical grants.

I. Block Grants

Information was provided on block grant awards for activities relating to white collar crime for fiscal year 1974 through the present. For the purposes of this summary we excluded any awards of fiscal year 1979, because 1979 funds are only beginning to be expended.

Regarding block grant expenditure information, LEAA cautions that because such information is reported by States on a voluntary basis, the extent to which it is complete may vary from State to State. Because this is true, no attempt will be made to offer a State-by-State comparison of expenditures on white collar crime. However, the available information does provide an indication of the types of activities on which States characteristically have concentrated, of which States have shown interest in this type of project and, on a national basis, of the relative extent to which white collar crime has received attention under the block grant program from year to year.

White collar crime projects were separated into six general categories for the purposes of this summary. They were categorized as "law enforcement" if their main purpose related to the detection, investigation, identification and apprehension of white collar criminals and if the grantee was a law enforcement agency. "Prosecution" projects were those grants to prosecutors' offices with the general purpose of building cases for the ultimate conviction of white collar criminals. A project was termed "special entity" if it included a special prosecutor or prosecution team, a task force or crime commission aimed at a specific white collar crime problem; these projects would usually include a combination of law enforcement and prosecution. The category "training" includes grants relating to seminars and university courses, as well as public education and prevention-oriented activities. The category "equipment and renovation" is self explanatory and a final category "general" includes any other activities.

The data

Table I indicates the amounts reported by States to have been awarded for white collar crime projects by fiscal year.

Twenty-one States reported at least one grant for a white collar crime project with fiscal year 1974 funds, the total amounts of such grants representing about 0.5 percent of the total amounts available in Part C block grants that year. The type of activity which received the greatest part of these funds were special entities, such as special prosecutors and crime commissions, which received 71 percent of the white collar crime assistance that fiscal year. States which reported undertaking such projects included

New York, Pennsylvania, Illinois, Alabama, Louisiana and Wisconsin. Law Enforcement projects received the next highest amount, accounting for 15 percent of the funds, and prosecution activities received 11 percent.

Over \$1,000,000 more was spent by twenty-one States (includes Guam) on white collar crime activities from fiscal year 1975 monies than was subgranted from fiscal year 1974 block grants. This amount (\$3,588,350) represents 0.7 percent of the Part C block grant allocation that year. The bulk of the monies were spent for the same types of activities for which the 1974 funds were spent -- special task forces (69 percent), law enforcement (10 percent) and prosecution (18 percent) projects -- although a greater portion was spent on prosecution than the year before.

Fiscal year 1976 data shows the greatest amount and proportion of block grants subgranted to white collar crime projects. A total of \$3,753,269 or 0.8 percent of FY 76 block grants were awarded for such activities in twenty-one States (the twenty-one States are not necessarily the same from year to year). Task forces and special crime commissions again were responsible for the greatest portion of these grants, with prosecution and law enforcement projects also sharing significant proportions.

Fiscal year 1977 and 1978 data show considerably reduced funding for white collar crime projects under the State block grant program. This could be a result of several factors. LEAA appropriations, including those for the Part C block grant program, dropped considerably after 1976. The Part C block allocation for fiscal year 1976, including the transition quarter (resulting from a change in the Federal fiscal year), was \$490 million; the fiscal year 1978 allocation was about \$254 million. Another factor which

TABLE I -- LEAA BLOCK GRANTS FOR WHITE COLLAR CRIME, FY 74 - FY 78
(in dollars)

Fiscal Year	Law Enforcement	Prosecution	Special Entity	Education/ Training	Equipment/ Renovation	General	Total
1974	379,733	273,131	1,794,282	56,492	37,000	---	2,540,638
1975	363,545	632,025	2,473,653	12,714	13,352	93,061	3,588,350
1976	460,428	691,342	2,545,884	42,622	9,137	3,856	3,753,269
1977	493,006	909,162	751,350	15,495	---	---	2,169,013
1978	<u>211,646</u>	<u>153,272</u>	<u>153,009</u>	<u>294,736</u>	<u>---</u>	<u>75,000</u>	<u>887,662</u>
Totals	1,908,358	2,658,932	7,718,178	422,115	59,489	171,917	12,938,932

* Since block grants may be expended over a three year period, these amounts may not reflect all subgrants that will be awarded for white collar crime activities under the fiscal year's funds.

Source: Compiled from computerized program descriptions provided by the Law Enforcement Assistance Administration.

likely affects the reduced amounts for fiscal years 1977 and 1978 is that all subgrants for these years may not have been expended yet. Because block grants may be expended up to three years, some of fiscal year 1977's and perhaps a significant portion of fiscal year 1978's awards may not be accounted for because States have until the end of fiscal year 1979 to subgrant fiscal year 1977 monies and until the end of fiscal year 1980 to subgrant fiscal year 1978 monies.

States reported that during the five fiscal years surveyed, about \$13 million was subgranted under the block grant program for activities relating to white collar crime although, as previously noted, this may not be a reflection of all funds expended for such projects. The bulk of this money, nearly 60 percent, was expended on special prosecution teams, task forces or crime commissions dealing with particular aspects of the white collar crime problem.

The programs

Pennsylvania, New York and Alabama all provided grants each year, FY 74-FY 77, for special entities to deal with white collar crime.

The major activities supported by block grants in Pennsylvania included the Pennsylvania Crime Commission's investigation of organized crime and official corruption. Such investigations led to the creation of a Special Prosecutor's office in Philadelphia to bring about prosecutions in police corruption cases and this office was also supported with block grant funds.

New York's block grant awards in the white collar crime area were also concentrated on special prosecutors to investigate corruption. Several of

the larger grants continued a special prosecution office to investigate official corruption in an upstate county. Other grants provided special prosecutors to investigate corruption within the criminal justice system in New York City and Suffolk County.

Block grants have supported an Attorney General's Task Force on White Collar Crime in Alabama during each fiscal year surveyed. The task force has aimed at the investigation and prosecution of cases involving embezzlement, loan sharking, monopolization of the market, fraud, environmental offenses and official corruption.

In the area of prosecution of white collar crime, many States used block grants to establish particular divisions or offices within the Attorney General's office to concentrate on economic crimes, fraud, official corruption or general white collar offenses. Twenty-one States have supported such offices with LEAA block grants.

Similarly, block grants have been used by many States to enable State or local law enforcement and investigatory agencies to establish special units devoted to white collar crime investigations. For example, the Iowa Department of Public Safety has received a \$135,155 block grant from FY 76 funds for a criminal fraud unit, within its Bureau of Criminal Investigation, to combat frauds, swindles and embezzlements.

Much of the training grants in the area of white collar crime enabled criminal justice personnel to attend workshops and seminars concentrating on white collar crime and sponsored by national criminal justice organizations. In Missouri, a block grant was used to conduct a course for retailers

on fraudulent check practices. Florida used almost \$50,000 in block grant funds for a county-wide training program to provide coordination in investigations involving worthless documents.

Limited amounts of equipment were purchased by a few States with block grant monies for the purposes of facilitating white collar crime investigations. An example of such an equipment purchase was a psychological stress evaluator which was to be used as an investigative aid in white collar crime cases. There was one example of building renovation that was justified as providing work space sufficient for timely investigation of improper conduct by police.

II. Non-Block Discretionary and Technical Assistance Grants

The largest proportion of non-block grant assistance for white collar crime-related activities was provided through LEAA's Part C discretionary grants. Other grants were made available from technical assistance funds as well as from multiple and administrative sources. Aspects of several community projects under LEAA's community anticrime program addressed white collar offenses, but because the main purposes of these activities were not specifically related to white collar crime, they were excluded from this summary.

Table II indicates non-block grants reported by LEAA for each fiscal year (National Institute and Statistics grants are included in section III). Part C grants were categorized under the same areas as the block grants for a more specific review of expenditures and priority areas.

The data

From fiscal year 1970 through 1973 there were no more than four Part C discretionary grants during any single fiscal year for projects relating to white collar crime. The number and amounts of such awards increased significantly through fiscal year 1976, and thereafter there was a decline.

The proportion of the annual Part C discretionary grant allocation for white collar crime projects also increased significantly in fiscal year 1974, continuing to rise through fiscal year 1976. These proportions did not decrease after this period as dramatically as the amounts expended, due to major reductions in the appropriations, including the allocations for Part C, for fiscal years 1977 and 1978. White collar crime grants accounted for about 4 percent of all Part C discretionary grants, FY 70 - FY 78.

Unlike the block grant awards, there was a fairly even overall distribution of expenditures of Part C discretionary funds among the four major expenditure categories of law enforcement, prosecution, special entities, and education and training. Awards that were received by a government agency were provided to twenty-five States. Florida received the greatest number of white collar crime grants (seven between fiscal years 1971 and 1978), and New York received the greatest total amount of funds for such grants (\$4.5 million). Six national organizations also received significant funding for white collar crime projects, the National District Attorneys Association being awarded five grants totalling \$4.8 million.

There were no large technical assistance grants in the area of white collar crime until fiscal year 1974 when two grants were awarded totalling

LEAA NON-BLOCK GRANTS FOR WHITE COLLAR CRIME
FY 70 - FY 78

Fiscal Year*	Part C Discretionary						Total (% of Allocation)	Technical Assistance (% of Allocation)	
	Law Enforcement	Prosecution	Special Entity	Education/ Training	Equipment	General		Assistance	Other
FY 70 (1)			193,739				193,739 (0.6)	5,000 (0.4)	
FY 71 (2)	275,315		427,155			43,945	746,415 (1.1)		
FY 72 (4)	113,541		254,523	56,747			424,811 (0.6)		
FY 73 (3)		40,000	1,999,970	532,175			2,572,145 (2.9)		
FY 74 (10)	325,192	2,420,734	708,949	1,433,416			4,888,291 (5.5)	244,704 (2.0)	
FY 75 (15)	1,344,583	667,565	2,405,682	666,589			5,084,419 (6.1)	24,299 (0.2)	
FY 76 (20)	1,777,970	1,034,853	930,492	2,535,797	253,115		6,532,227 (7.5)	147,817 (0.9)	
FY 77 (7)	829,627	737,148		616,650			2,183,425 (4.0)	217,811 (1.7)	
FY 78 (6)	721,056	570,000		970,228			2,261,284 (4.8)	530,849	245,179
TOTALS (% of total Part C)	5,387,284 (21.6)	5,470,300 (21.9)	6,920,510 (27.8)	6,811,602 (27.3)	253,115 (1.0)	43,945 (0.1)	24,886,756 (4.0)	1,170,480 (1.3)	245,179

Source: Compiled from computerized program descriptions provided by the Law Enforcement Assistance Administration.

* Figures in parentheses under fiscal years refer to the number of awards for that year.

\$244,704. The technical assistance grants went largely to private organizations and were generally for the purposes of information dissemination. The grants for white collar crime amounted to about 1.3 percent of the allocations for technical assistance between fiscal years 1970 and 1978.

The programs

Seventeen white collar crime activities sponsored by State and local governments and private organizations received more than one Part C discretionary grant from the fiscal years 1970 through 1978.

The activity conducted by a government which received the greatest number and amount of Part C grants was New York's Special Prosecutor for the investigation of corruption in New York City's criminal justice system, an activity also supported with block grants (see page CRS 8). This prosecutor's office, established under a gubernatorial executive order, superseded the authority of the district attorneys of New York's counties in the investigation and prosecution of corrupt police, prosecutors, judges, and courts and corrections officers. Grants for this office totalled \$3,809,970 between fiscal year 1973 and fiscal year 1976. An earlier Part C discretionary grant had enabled the Knapp Commission to investigate police corruption in New York City.

The Economic Crime Project conducted by the National District Attorneys Association has been a major activity funded under LEAA discretionary grants in the private sector. The project, begun as a pilot project with a \$530,000 grant, proposed to develop a "coordinated prosecutive attack on economic crime." This included case coordination, research through a subcontract with

the Battelle Memorial Institute in Seattle, training, and information dissemination. The project was refined and redefined and received subsequent Part C grants totalling \$3.3 million through 1978. The NDAA is currently working under a Part C grant of \$970,228 to increase successful economic crime prosecutions.

In connection with its Economic Crime Project, the NDAA published a number of papers, reports and technical manuals, and conducted conferences on white collar crime.

The State of Florida used its seven discretionary grants to establish and maintain specific units within State departments to specialize in the enforcement of certain aspects of white collar crime cases, and to increase the capability of the State police and investigators to identify criminals through the development of a computer data base.

Seventeen States of all sizes in all regions of the country used discretionary grants to establish some special investigatory or prosecutorial units within a government agency to combat white collar crime or a particular aspect of it, such as corruption, securities or consumer fraud, or antitrust violations. Many States also established special units to deal with the problem of organized crime and often a major thrust of these investigations were the white collar crime offenses. If such an orientation was evident, we included these activities among our data.

One of the more unique activities awarded Part C funds was the development of defined practices and procedures by a Commission of the State of West Virginia for State purchasing to prevent corrupt practices in procurement. The American Bar Association Fund for Public Education was also awarded

a Part C discretionary grant for the development of a model procurement code for State and local government.

Technical assistance grants were generally awarded to nongovernmental agencies and organizations for information dissemination. In fiscal year 1974 two grants were awarded for the publication and distribution of reports: one was to the Council on State Governments which distributed a report by the West Virginia Commission that studied purchasing practices; the other was to the National District Attorneys Association for the distribution of a report from the Economic Crime Project.

Two large technical assistance grants, one in fiscal year 1977 for \$197,437, and the other in 1978 for \$208,379, were provided to the Battelle Institute to establish and maintain a National Center on White Collar Crime. The aim of the Center is to provide training and technical assistance for law enforcement officials to help them respond to white collar crime. Other major technical assistance went to the National Association of Attorneys General for staff training in economic crime, and to the Mitre Corporation for an analysis of current computer techniques to control fraud in government programs.

III. Research and Statistical Projects Relating to White Collar Crime Funded by the National Institute of Law Enforcement and Criminal Justice and the National Criminal Justice Information and Statistics Service

Although no research or statistical grants were provided for the study of various forms of white collar crime before fiscal year 1970, between fiscal years 1970 and 1978 several LEAA-funded grants have been awarded for projects in the general area of white collar crime (see Tables III and IV). Three

consumer fraud projects totalling nearly \$400,000 were awarded from National Institute funds in FY 1970 (representing over 5 percent of the National Institute's budget authority for that year). No research or statistical funds were allocated to white-collar crime analyses for the following four fiscal years, FY 1971-74.

However, since that period, with the exception of FY 77, funding for white-collar crime research has significantly increased. For FY 75, white collar crime projects represented 0.69 percent of the National Institute's budget authority, and this percentage increased to 3.8 percent in FY 76. Even though this percentage figure dropped to 1.5 percent in FY 77, it rose dramatically to approximately 8.7 percent the following year (FY 78).

The types of white-collar crime studies which have been financed, beginning in FY 75 are:

- three studies of various aspects of crime against business and one assessment of crimes against government programs;
- four studies of police corruption, one of corruption within local government regulatory agencies, and a sixth "public corruption" project to develop an economic theory of corruption in police and regulatory agencies;
- one major survey of the nature and extent of corporate crime;
- a comprehensive national survey of consumer fraud laws and enforcement problems;
- an assessment of the problems with Federal data sources for researching white collar crime;
- a five-year research effort, provided with approximately \$1.2 million since its inception, to survey Federal enforcement efforts to control these types of crimes as well as Federal prosecution and sentencing practices for these types of offenders;

- a study of the nature, scope, and impact of computer-assisted crimes;
- three investigations of computer techniques used to aid in the detection, investigation, or prosecution of white collar crimes; and
- an effort to develop the methodology for studying unofficial reporting of various types of white collar crime.

TABLE III

RESEARCH AND STATISTICAL GRANTS PROVIDED BY THE NATIONAL INSTITUTE OF
LAW ENFORCEMENT AND CRIMINAL JUSTICE AND THE NATIONAL CRIMINAL
JUSTICE INFORMATION AND STATISTICS SERVICE

National Institute	FY 70	No Grants from 71-74	FY 75	FY 76	FY 77	FY 78	Total
Consumer fraud	\$395,569 (3 proj.)		0	\$342,966			\$738,535
Crimes Against Business & Government (Employee theft, Public Asst. fraud)				\$59,932 (1 proj.)	\$158,335 (1 proj.)	\$572,311 (2 proj.)	\$790,578
Public Corruption			\$292,077 (3 proj.)	\$494,589 (2 proj.)		\$352,940 (1 proj.)	\$1,139,606
Corporate Crimes					\$247,839 (1 proj.)		\$247,839
Basic Research Enforcement Efforts				\$600,000 (1 proj.)		\$658,418 (2 proj.)	\$1,258,418
Data Sources						\$236,948 (1proj.)	\$236,948
Total for National Institute Grants	\$395,569		\$292,077	\$1,497,487	\$406,174	\$1,820,617	\$4,411,924
NCJISS			\$214,000 (1 proj.)			\$519,431 ^{1/} (3 proj.)	\$733,431
Total (Research and Statistical Grants)	\$395,569	0	\$506,077	\$1,497,487	\$406,174	\$2,340,048	\$5,145,355

^{1/} One of these three projects involved multiple funding sources. Since the majority of the funds (\$96,255) came from NCJISS, it is counted here. However, \$74,731 also came from discretionary non-block funds.

Source: Compiled from computerized program descriptions provided by the Law Enforcement Assistance Administration.

TABLE IV

THE PERCENTAGE OF NATIONAL INSTITUTE AND NCJISS FUNDS WHICH HAVE BEEN
AWARDED TO WHITE COLLAR CRIME PROJECTS

	FY 69	FY 70	FY 71-74	FY 75	FY 76*	FY 77	FY 78
<u>National Institute:</u>							
budget authority	3,000,000	7,500,000	100,196,000	42,500,000	39,400,000	27,029,000	21,000,000
\$ to white collar crime projects	0	395,569	0	292,077	1,497,487	406,174	1,820,617
% of budget authority to white collar crime research	0%	5.27%	0%	0.69%	3.80%	1.50%	8.67%
<u>NCJISS:</u>							
budget authority	0	1,000,000	58,900,000	26,000,000	31,622,000	21,152,000	16,290,000
\$ to WCC projects	--	0	0	214,000	0	0	519,431
% of budget authority to WCC research	--	0%	0%	0.8%	0%	0%	3.19%

* Budget authority includes transition quarter.

Source: Budget authority figures from the Law Enforcement Assistance Administration; white collar crime figures used to calculate percentage statistics are compiled from computerized program descriptions provided by the Law Enforcement Assistance Administration.



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