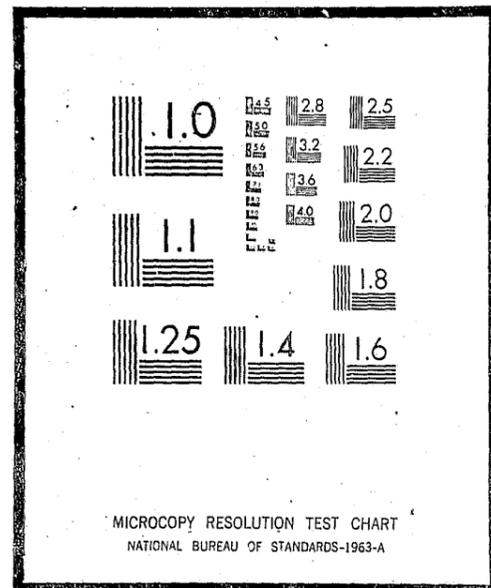


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A PLAN FOR EVALUATION OF THE FINANCIAL CRIMES BUREAU
OF THE ILLINOIS ATTORNEY GENERAL'S OFFICE

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A PLAN FOR EVALUATION OF THE FINANCIAL CRIMES BUREAU
OF THE ILLINOIS ATTORNEY GENERAL'S OFFICE

I. INTRODUCTION

This report deals with the design of an evaluation for the Financial Crimes Bureau (FCB) of the Illinois Attorney General's Office. It is based on a study conducted under contract to the Illinois Attorney General's Office. The study has included interviews with the staff of the FCB, with the head of the Investigations Division of the Illinois Department of Revenue and Taxation, and field trips to Washington, D.C., and Seattle, Washington, to obtain information from the Project Director and the Evaluation Director, respectively, of the Economic Crime Project of the National District Attorneys Association, and from the Law Enforcement Assistance Administration.

The Financial Crimes Bureau is funded by a discretionary grant from the Law Enforcement Assistance Administration, which requires that an evaluation of each grant be made. Since there appeared to be no comprehensive evaluation of prosecutorial offices like the FCB which could be used as a model, it was decided jointly by the FCB and the Illinois Law Enforcement Commission that the first step would be to design an evaluation procedure.

A. Reasons for Evaluating the FCB

As previously mentioned, evaluation of the FCB is a grant requirement. For LEAA, this requirement serves a number of purposes: to decide whether

the program should be promoted in other jurisdictions either as operated here or on a modified basis; to determine whether the grant should be continued or terminated; to determine whether the funds it is allocating to the program are being spent properly; and whether the program is worth the cost. For the Office of the Attorney General, an evaluation is useful in determining whether state funds should be used to support the program after LEAA funds are withdrawn. At the program or operational level, an evaluation points out to the program director the strengths and weaknesses of the program, and may suggest changes to improve its operation. In addition, it should not be forgotten that every public agency is accountable to the citizens it serves, and a thorough evaluation makes a major contribution to accountability to the public.

Some recent evaluations in criminal justice have shattered long-held beliefs. Preventive police patrol appears to have little deterrent effect on crime, according to a Police Foundation study (Kelling et al, 1974). It was also reported recently (Martinson, 1975) that attempts to rehabilitate offenders in correctional institutions apparently have had "no appreciable effect on recidivism" (emphasis in the original), a finding which is changing correctional policies in Illinois and elsewhere. It is not likely that the evaluation of the FCB will have an impact of the same magnitude as these evaluations, but to consider it just an exercise to fulfill a grant condition would be to waste information which would assist both FCB officials and prosecutors throughout the United States.

B. "Economic Crime"

Many terms have been used to describe the same phenomenon: white-collar crime, business crime, occupational crime, financial crime, and economic crime. All relate to crimes committed without the use of force, usually based on transactions of a business nature. The definition of economic crime used by the National District Attorneys Association in its Economic Crime project is

... an illegal act or series of illegal acts committed by non-physical means and by concealment of guilt, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage. (Battelle, 1974: 10)

The term economic crime will be used in this report, as defined above.

C. Report Contents

There are six sections in this report. The next section describes the operation and goals of the FCB. Section III describes some of the difficulties associated with evaluating the FCB and similar economic crime units. The fourth section describes factors to include in evaluating the effectiveness of the FCB. Section V outlines the reporting system and procedures needed to obtain data for the evaluation. The last section describes the uses to which the information provided by the evaluation can be put.

II. OPERATION AND GOALS OF THE FCB

A. Background

In 1970 the Law Enforcement Assistance Administration (LEAA) gave a discretionary grant to the Illinois Attorney General's Office to set up a Special Prosecution Unit (SPU), which was funded through March 31, 1974. The FCB, a direct descendant of the SPU, was also funded by an LEAA discretionary grant, as was the Prosecution Assistance Bureau (PAB).*

According to the FCB staff, in prior years little attention was paid to prosecution under statutes concerning the misappropriation of state funds, "Blue Sky" law violations, state insurance codes, and state tax laws prior to the advent of the SPU. The FCB was to be established to expand the effort in these and related areas. Among the specific projects to be undertaken were to:

- "(a) prepare an inventory of businesses and public and private institutions that have been the subject of allegations or the appearance of illegal operations;
- (b) commence grand jury investigations of those cases in the inventory which warrant such action;
- (c) secure further official investigations in the remaining cases;
- (d) prepare a summary of all misdemeanor and felony statutes which are not contained in the regular criminal code of the state;
- (e) establish liaison with police agencies and local prosecutors."**

B. Present Operation

The description of the operation of the FCB will be confined to the flow and processing of information related to investigations and cases. It was not

* Not included in this study.

** From page 7 of Grant Application, "Financial Crimes Bureau, Prosecution Assistance Bureau", funded as LEAA Discretionary Grant No. 74-DF-05-0016.

the intent of this contract (and beyond the expertise of the author) to evaluate legal strategies or personnel practices within the FCB.

Most of the caseload for the FCB comes from the Investigations Division of the Illinois Department of Revenue and Taxation. The Investigations Division was created in 1969.

The cases that are investigated include violations relating to the following taxes: State income tax, retailer's occupation tax (sales tax), motor fuel tax, cigarette tax, public utility tax, hotel-motel tax, liquor tax, lottery tax, and coin-operated amusement devices tax.

Most cases are generated through citizen initiative: employees, competitors, customers, and other informants notify a state agency of the possible violation, and the Investigations Division is called in by that agency. In addition, state income tax returns may conflict with Federal returns, or the IRS may notify the state that a person they are investigating may also have an additional state tax liability, or the state tax return may appear suspicious in its own right, or an individual may display more wealth than he reports.

Cases are also generated through the initiative of the FCB staff. An advertisement for a stock, a franchise offer, an investment plan, or a "get-rich-quick" scheme may prompt a follow-up by a member of the FCB. Securities cases may be referred to the FCB by the Securities and Exchange Commission. Many cases deserving of criminal prosecution may be settled by the SEC with a consent decree, due to the SEC's manpower limitations.*

The range of cases handled by the FCB is quite broad. Most of the routine cases consist of violations relating to the Retailers Occupation Tax (ROT), that is, the sales tax: falsifying the return, failing to file, operating

*It was only recently that the SEC agreed to share the fruits of its investigations with the FCB. This agreement presages an increase in FCB activity in the securities area.

under a revoked license and the like. The major cases can also relate to failure to file a state tax return*, but is expected that they will be in areas in which major frauds are not uncommon: Securities, franchises, insurance, pyramid schemes, etc.

The FCB is first notified of a routine case when it receives a copy of the arrest log (Figure 1) from the Investigations Division. The receptionist logs the court date on the FCB calendar, and prepares a revenue docket sheet (Figure 2a) to be put in alphabetical order in a loose-leaf binder containing all current revenue dockets. Two yellow 3 X 5 index cards are filled out with the information shown in Figure 3. A case jacket file is also prepared (Figure 4) and the arrest log is put into it. This file and the index cards are given to the supervising Assistant Attorney General, who assigns the case and notes the name of the assigned AAG on the cards. One card is kept in a file box in the office of the supervising AAG, the other is filed by the receptionist.

The court dates are kept on a calendar by the receptionist and a calendar is distributed weekly to all staff. The receptionist is informed of all changes in court dates and dispositions to keep the calendar current. The new information is also noted on the revenue docket sheet.

When a case is closed the yellow cards are thrown away and the revenue docket sheet is added to the documents in the case file, which is put in a file drawer containing closed cases.

For major, non-routine, cases the procedure is quite different. The primary reason for the difference is that the investigation for major cases is often conducted by the FCB, whereas the Investigations Division completes

*E.g., State v. Massarella, where the defendant was convicted of defrauding the state by selling fuel oil as diesel fuel and thus avoiding the state motor fuel tax.

the investigation of minor cases before the FCB receives the case. Pink index cards are used for these cases, often without the prospective defendants' names to ensure confidentiality. Different docket sheets (Figure 2b) are used for major cases.

All current case files are stored in unlocked file cabinets in one office. File control is maintained by the use of sign-out cards to replace the file when it is checked out by a AAG. Since neither this office nor the Bureau's suite of offices is particularly secure, it is recommended that some measures be taken to improve the security of those files considered to be sensitive. Documentary evidence is at the heart of most financial crime cases; it can seriously jeopardize a case if the documents are misplaced, lost, or stolen. It may also be considered worthwhile to change where the file box of index cards and the revenue docket book are kept. Although they do not contain irreplaceable information they are presently easily accessible from the ante-room through the receptionist's window.

In order to improve file record-keeping, a sequential number should be given to each new investigation, complaint, or case in the FCB. In addition, should the FCB increase in size it may be necessary to formalize file control procedures, such as having one of the supporting staff act as librarian.

The information included on the above-mentioned forms is adequate for maintaining file control and determining the status of the cases. However, it is insufficient for the purposes of evaluation.

C. Goals of the Financial Crimes Bureau

The goals of the first year of operation were to:

- "(a) establish an effective operation, organization and routine;
- (b) identify the most effective statutes;
- (c) discover whether further legislation is required and, if so, what kind;
- (d) return major indictments in at least three separate areas of endeavor (i.e., securities, insurance, misappropriation of state funds, credit fraud);
- (e) firmly establish working relationships with appropriate police agencies and local prosecutors."*

Aside from those listed above, other goals can be inferred for the FCB. First and foremost, the overall goal of the FCB is to reduce economic crime in the State of Illinois. The achievement of this goal requires the achievement of the listed goals, such as maintaining liaison with other agencies, making successful prosecutions, and publicizing the activity and success of the FCB. All of these goals are not equally amenable to evaluation. The reasons for this are discussed in the next section.

*From page 7 of Grant Application, "Financial Crimes Bureau, Prosecution Assistance Bureau", funded as LEAA Discretionary Grant No. 74-DF-05-0016.

III. PROBLEMS WITH EVALUATING THE FCB

Although much has been written recently about evaluation (Suchman, 1967; Caro, 1971; Maltz, 1972; Weiss, 1972; Glaser, 1973; Abert and Kamrass, 1974), it is of limited applicability to the needs of the FCB evaluation. The problems faced by the FCB evaluation include small numbers of cases, their lack of comparability, the lack of a control group, and unreported crime.

A. Small Numbers

Most evaluations are conducted statistically; i.e., large numbers of cases involved in the program under evaluation are needed. But the FCB may have only a few cases in process at any one time, with completion times running from a few weeks to years. An evaluation based solely on statistics would, moreover, overemphasize the prosecution of routine cases vis-a-vis the more complicated and significant ones.

B. Lack of Comparability

Evaluation normally assumes that the cases making up the statistical data base are equivalent. In criminal justice evaluations, one robbery, say, is often considered equivalent to another despite major differences in harm done. The differences among cases prosecuted by the FCB would be even greater than the differences among robberies. In other words, FCB cases cannot simply be counted in the evaluation but must be weighted according to their impact.

Weights for crimes commonly committed by juvenile delinquents have been incorporated in a Crime Seriousness Index (Sellin & Wolfgang, 1964). The

CSI has been widely used as an indicator of the seriousness of crime; however, it is not an appropriate weighting scheme for economic crimes, since it applies essentially only to those crimes included in the UCR. Another weighting scheme must be used for economic crimes.

C. Lack of a Control Group

There is no way of dividing Illinois into "experimental" and "control" areas, and operating the FCB in only the experimental area. Aside from the obvious practical problems, such an experimental design is ethically and legally out of the question. Nor can another state be compared to Illinois; the differences in laws and law enforcement procedures are too great to allow valid comparisons. One alternative to an evaluation comparing experimental and control groups would be an evaluation comparing before and after. This evaluation also has difficulties, however, related to the extent of unreported economic crime.

D. Unreported Crime

For economic crimes there are often no specific victims to act as complainants. The harm is frequently distributed among many victims, and appears in the form of a degraded environment or increased prices or taxes, rather than impacting only on to specific victims.

Even when a specific victim exists, he may not be aware of his loss (Edelhertz, 1970: 15). If he is, he may not be aware that the loss constitutes a crime. If he is, he still may not report the crime: embarrassment, complicity, fear of publicity, or a feeling that little would be gained even

if the authorities are notified: all contribute to the low reporting rate. Employers are often reticent to report the crimes of their employees if they agree to make restitution,* because they feel no additional purpose would be served. In other words, it is likely that the great majority of economic crimes are never reported. This makes it difficult to ascribe a reduction in reported crimes to program effectiveness, especially when true success may even cause an increased awareness of economic crimes, leading to an increase in reported crimes.

*This practice is often illegal; see Lipson (1975).

IV. FACTORS TO BE CONSIDERED IN IMPLEMENTING THE FCB EVALUATION

As was mentioned in Section II, the overall goal of the FCB is the reduction of economic crime in the State of Illinois. The first step in the design of an evaluation requires the further explication of the logical connection between cause (i.e., actions of the FCB) and hoped-for effect (reduced economic crime).

A. Evaluation Logic

Figure 5 depicts one such set of logical connections concerning the FCB. It is not the only possible one, but will serve as a starting point for the evaluation.

Perpetrators of economic crime (Box 1) commit economic crimes (Box 2). Many are not reported, because of a lack of awareness of the victims of the loss or of the laws, or because of embarrassment or other reasons (Box 3). Those crimes which are reported may be reported to the FCB directly by victims (Box 4); by employees, competitors or customers of the offender (5); through other agencies (6); or through lawyers, accountants, or other intermediaries (7). In addition, economic crimes may be discovered by the FCB staff themselves (8). A preliminary assessment of these cases is made (9).

Not all of these crimes are investigated and prosecuted with the same degree of vigor. Depending upon their seriousness and upon the priorities and workload of the FCB (10), they may be nolle'd or terminated (11), postponed, or followed up immediately (12). The cases are pushed by the FCB (13) to their final status. The amount of harm caused by the crime is determined

(14). The status and final dispositions of the FCB's cases are communicated, via press releases and other means, to the news media which publicize them

(15). This publicity is then "fed back" to the offenders (16), who are presumably deterred from committing such crimes, and to the victims and others who might report these crimes (17), who are presumably encouraged to report them.

Using this "model" of the FCB and its effect, we will base the evaluation on the following questions:

1. How are priorities determined and operationalized by the FCB (Box 10)?
2. How successful is the FCB in prosecuting or otherwise handling the high-priority economic crimes (Box 13)?
3. How much harm is represented by the crimes handled by the FCB, and how much harm has been prevented (Box 14)?
4. To what extent can we determine if economic crime has been deterred by the FCB (Box 16)?

A word as to units of measurement: The term "case", which is used herein, has a definite meaning to a prosecutor, and is one possible unit of measurement. Other possibilities include enumerating the number of investigations, or charges, or defendants. A single case usually includes a number of defendants and charges, and may also be the result of more than one investigation. On the other hand, a number of cases may result from a single investigation or may involve a single defendant. Since there is no clearly superior unit of measurement, one must choose among the available units based on the needs of the evaluation. It is felt that the case is the logical unit to use since the prosecutor has decided, after looking at all of the evidence, investigations, charges, and defendants, that the contents

of the particular "case" are logically connected and should be tried as a single entity. By accepting this unit, however, it should be kept in mind that not all prosecutors would demarcate the case similarly, and that the dividing line is often based on prosecutorial strategy rather than logic.

B. Case Priorities (Box 10)

The determination of prosecutive priorities is one of the most important responsibilities of a prosecutor's office, especially in the area of economic crime. Often, the more significant the crime, the more difficult and expensive it is to prosecute, and the lower the chances of success. An office which does not clearly spell out its priorities runs the risk of being charged with selective prosecution. The cry of "Why me?" from a prospective defendant is more likely to be heeded in an economic crime case than in a common crime case, especially since the prosecutor often has the alternative of proceeding with a civil trial or out-of-court settlement rather than a criminal trial.

To determine the stated priorities of the office, the evaluation should include analysis of the office's grant application, enabling legislation and any legislative discussion, and interviews with the head of the office. To determine the extent to which these priorities are in fact being followed, one can look at the office's staffing patterns, caseload, and means of case generation.

1. The staffing patterns should reflect the priorities insofar as there is discretion in hiring and allocating personnel to programs. An office without an investigative staff, for example, will not be able to pursue complicated cases unless it can arrange to "borrow" investigators from other agencies.

2. The caseload of an office should not be measured by the number of cases of each type, but by the man-hours devoted to each type. Furthermore, this evaluation criterion should be considered in conjunction with the opportunities available for prosecutions of each type and the relative quality of the cases.

3. A prosecutor's office can make its own opportunities. An office in which most of the caseload is generated by other agencies has developed de facto priorities -- to serve as the prosecutorial arm of these agencies. An office with a broader mandate will generate cases on its own initiative as well, and the extent of this type of case generation is a measure of the extent to which the prosecutor's office maintains control over its priorities rather than permitting its agenda to be modified by the agencies which supply it with cases.

C. Case Outcomes (Box 13)

The traditional measure of effectiveness used to evaluate prosecutors' offices is the conviction rate; i.e., using only those cases in Box 13 which go to trial or end in a guilty plea or its equivalent. For the most part this is a measure of how well the prosecutor can gauge the strength of the cases he selects to prosecute. A very high conviction rate (approaching 100%) might well indicate a weak prosecutor's office, one that is unwilling to take chances and test new legal theories or statutes. For this reason, the raw conviction rate should not be used as a measure of effectiveness.

All of the cases and complaints coming in to the FCB should be included in its "box score". The reasons for not prosecuting cases should be given, as should the reasons for settling a case prior to trial, for accepting a

plea, for using civil rather than criminal penalties, and for losing a case. A sample summary sheet for this aspect of the evaluation is given in Figure 6.

D. Harm (Box 13)

Neither the enumeration of crimes nor the weighted sums of crimes (Crime Seriousness Index) is adequate as a measure of economic crime. A scheme which has been proposed for the measurement of common crime, that is extensible to economic crime, is a multi-component index of harm due to crime. The components are property loss, physical injury, and psychological injury (Maltz, 1975).

It is recommended that only the property loss component be used in the initial evaluation of the FCB, although it is recognized that physical and psychological injuries are often caused by economic crimes. Noncompliance with pollution or safety standards can cause deaths or injuries, or shorten the lives of many people. Economic crimes can also reduce the trust people place in government, in criminal justice, or in the commercial and business world. However, the primary harm caused by economic crime is economic in nature, and this should be reflected in the evaluation.

One measure of the economic harm is the dollar loss to the victims. Another measure which should be used is the time value of this loss, essentially the number of days' pay lost by the victim(s). This is considered to be a more realistic indication of the harm befalling the victims, since it is a measure of the effect the crime has on them. Discussions with the staff of the FCB indicate that they appear to give higher priority to cases in which the losses are great compared to the victims' financial position. Therefore, this measure of harm due to property loss should be useful in setting FCB priorities.

For crimes in which the state is the victim it is possible to estimate the harm to the citizens of the state. For example, if \$10,000 of state taxes are illegally avoided, this falls upon the tax-paying citizens as an additional tax burden they must assume. If the average household income in Illinois is \$10,000 (the actual figure can be obtained from Census Bureau data), the loss is equivalent to the loss of one year's wages by an Illinois household. In other words, although the harm to each citizen is infinitesimally small, the aggregate harm is significant and dwarfs the corresponding harm caused by the average robbery or burglary.

E. Deterrence (Box 16)

There is a major problem in gauging the deterrent effectiveness of an economic crime program. It is intuitively appealing to assume that a well-publicized conviction in the economic crime area will deter others* from committing the same offense (Zimring & Hawkins, 1973: 45), but there is no easy way of proving it. An increase in reporting the crime may signify a heightened awareness, a realization by other victims that the criminal justice system can help them (Box 17), or it may signify an increase in the illegal activity. And similarly, a decrease in reporting after a publicized case could mean that there are fewer cases of illegal activity (Box 16) or that fewer victims are reporting the crime. There is, however, a difference in the way one would evaluate the deterrent effectiveness of the FCB, depending upon whether the victim is a private citizen or whether the victim is the state.

*At least, while the publicity lasts. The publicity may also point out to others an easy way of making money, to be tried as soon as the furor dies down.

When private citizens are the victims one cannot measure deterrence with any degree of confidence. But it is possible to keep track of the number and nature of all crimes reported to the FCB, and to determine the number in which the publicity surrounding a prosecution made the victims and others aware of the FCB's interest in the particular type of economic crime. That is, if deterrence cannot be measured, it may be possible to measure awareness, an intervening variable between the threat of a sanction and the extent to which the threatened behavior is avoided. Media coverage can be measured (Box 15). Both victims (or potential victims) and those in the same business as the offenders can be interviewed concerning their knowledge of the FCB's action in the target areas of prosecution (See Section F below).

When the state is the victim, it may be possible to estimate the deterrent effectiveness of the FCB for certain types of economic crimes. Past investigations in the FCB have discovered patterns of avoidance of state taxes in specific industries or segments of the community. The extent to which the tax revenue increases from these sources (i.e., above normally expected increases) can be used as a measure of deterrence.

F. Population Surveys

A frequently used method of evaluating a program is to make a survey of the general population, or of a segment of the population affected directly by the program. One can contemplate using such a survey to determine the number of people who have been (or are aware that they have been) victimized by economic crimes, or to determine whether the citizens of Illinois are aware of the different types of economic crimes and of the recourse they have through the Illinois Attorney General's Office and

the FCB, or to find out the extent to which businessmen in an industry which has been the subject of an FCB prosecution are aware of the issues involved.

Surveys of this type are very expensive because a large sample would probably be required to obtain statistically reliable data. However, there are indications that a survey of economic crime awareness and victimization experience would be quite useful. Surveys were recently conducted for the evaluation of the Economic Crime Project of the National District Attorneys Association. Although the data have not yet been analyzed completely, they indicate that the elderly are victimized by economic crimes to a much greater extent than the general population.* It is possible that this finding is due to sampling bias, since the response to the rather lengthy questionnaire was about 25%; however, the victimization rates of the elderly were high enough to be noteworthy even after taking the nonresponses into account. Information of this sort is very valuable as an aid in setting priorities. The actual design of the victimization survey, however, should await the analysis of the Economic Crime Project survey.

*Personal communication from Herbert Edelhertz, Evaluation Director, Economic Crime Project.

V. INFORMATION REQUIREMENTS

The types of information required and their sources are described in this section. Much of the information is obtained from forms to be filled out by the FCB staff. The forms described herein should be modified as needed after they have been "field-tested". Their general functional features should not change drastically, although their specific content may be modified considerably after testing them.

A. Crime Classification

It is useful to classify the types of crime handled by the FCB. It would also be helpful if the classification scheme used by the FCB were consistent with that used by other prosecutors' offices. The Economic Crime Project of the National District Attorneys Association has developed a system for classifying economic crimes, as part of its Uniform Economic Crimes Reporting System. The classification system, shown in Figure 7, categorizes crimes along three dimensions: the product or service involved, the type of transaction, and the type of scheme. Since the categories may not include the entire range of offenses handled by the FCB, the list should be augmented where necessary.

B. Initiation Form

Figure 8 is a suggested form to be filled out when initiating a case or investigation or receiving a complaint. It is an elaboration of a form presently used by the FCB. Included on the form, aside from the particulars of the alleged offense, is the crime classification(s) and information

relating to how and why the FCB was notified. Every form also includes a sequential AG Number, so that every complaint, investigation or case reaching the FCB can be checked on for later follow-up.

C. Termination Forms

The two suggested termination forms are shown in Figures 9 and 10. The first one, relating to the case's final disposition, can be filled out immediately after the case is completed, but it may not be possible to fill out the second one, relating to the impact of the victimization, until some time has elapsed.

Included in the form shown in Figure 9 is the crime classification, which may have changed since the initial determination. The outcome of the trial is to be noted, along with comments which explain the presumed reason for the outcome. The resources expended during the case are also listed. They are to be obtained from the weekly logs (Section D below) of the personnel who participated in the case.

The second form is to be completed on the basis of an interview with the victim(s), a separate form for every victim identified. (The occasion can be their notification of the final outcome of the case, after all appeals are exhausted; this may be the only way the victims learn of the results of their testimony.) This information will be used to determine the extent of the harm suffered by the victims. The exact procedure for determining the harm should be developed during the evaluation, based on the nature and extent of the information given by the victims. As can be seen, information on non-monetary harm is also requested, to allow for future consideration of including physical and psychological harm.

D. Weekly Log

Figure 11 is a weekly log of time spent on cases by each staff member of the FCB. It is to be used to determine the amount of resources expended on each case (see Figure 9). The actual time spent should be recorded; if a staff member works more than forty hours, or on Saturday or Sunday, it should be included so that as accurate a record as possible is obtained.

E. Media Coverage*

The amount of coverage given a case by the general media is indicative of its interest or importance to the general public. In addition, specialized publications will feature articles of interest to their readership. They can be used as measures of awareness of the case.

Figure 12 is a suggested form for recording the amount of coverage. Since the Public Information Division of the Attorney General's Office (probably) subscribes to a clipping service, the coverage given the case by newspapers and magazines can be obtained.

Television coverage is measured by the number of times on the air, and whether the coverage is local or national. Radio coverage is measured by the number of days on the air (since a given item may be broadcast hourly on the news), and whether the coverage is local or national.

F. Department of Revenue and Taxation

At the end of a revenue case and its attendant publicity, tax revenues in the industry under scrutiny may increase, an indication of the deterrent

*(See next page)

*The connection between media coverage and deterrence or awareness of economic crime is not well-established, but rather is assumed in the evaluation. This factor should thus not be given equal weight in the overall evaluation -- otherwise it can be seen as a call for ever-increasing PR efforts by the FCB.

effect of the prosecution. Figure 13 shows the manner in which this deterrent effect may be determined. The tax revenue for the industry should be obtained from the Illinois Department of Revenue and Taxation.

G. Additional Evaluative Information

The information described above will reach the evaluator in documentary form. But an evaluation should also include interviews with the FCB staff, as well as those who interact with the FCB. Without this, one is in danger of finding out what happened without finding out why, and of learning from the documents only that which a person will commit to paper. The exact nature of the information to be obtained from the interviews cannot be predicted or categorized beforehand.

In addition, it should be possible to determine the stated priorities and goals of the FCB by reading the grant application, any planning documents, and legislative records, if the establishment of the FCB was taken up by the Illinois State Legislature. The operational practices and plans of the FCB should be reconciled with the FCB's stated goals.

VI. USES OF THE INFORMATION

This section describes some of the ways in which the evaluative information, described in Section V, can be used to provide timely managerial information. Other applications are implied, for example, analyzing trends in the FCB's activity, or evaluating staff personnel or FCB policies. Additional applications will doubtless be found as the evaluation is routinized within the FCB.

A. Workload Determination

The nature and amount of the FCB workload can be determined from the inspection of the initiation and termination forms (Figures 8 and 9). For each type of case (using the case classification on the termination form), the number of cases and total hours spent on them can be obtained. Thus, the FCB will have a record of: the number of cases of each different type; the total amount of FCB resources devoted to each type, or how FCB resources are allocated to the different types of economic crime and to various priority areas of the FCB; and the average amount of staff resources needed to handle each type of case. This last statistic can be of use in future planning. If an anticipated increase in caseload is in cases which are of relatively short duration, a more moderate staff increase can be planned for than if the added activity were expected to be in cases with large manpower needs.

These same forms can be analyzed to determine how FCB workload is distributed between cases based on FCB staff initiative and those based on complaints or developed by other agencies. Thus it can be used to determine the extent to which FCB priorities are being followed.

B. Case Outcomes

As previously stated, a raw win-loss record is useless as an evaluative statistic and may even be counterproductive. Figure 6 is the suggested form for presentation of the information on the success of the FCB in prosecuting or otherwise disposing of cases. The necessary data can be found on the forms shown in Figures 8 and 9.

C. Harm

Only the harm due to property loss is discussed herein, although the harms of physical and psychological injury should be included if they appear to be significant.

Figure 14 is a suggested form of presentation of the harm data. As can be seen, the total figures are analyzed by type of case and by source of cases.

The extent of the harm caused by economic crimes can also be used to revise the FCB's priorities, as shown in Figure 15. If a given type of crime is seen to have a more adverse impact than was originally assumed, the resources allocated to this crime type can be increased.

D. Deterrence

The only cases for which deterrence can be estimated are those involving patterns of nonpayment of revenue to the state by segments of industry. The aggregate revenue increase, obtained from data for individual industries supplied by the Illinois Department of Revenue and Taxation, should be combined by the evaluator with data provided by the Census Bureau to determine the impact of this effort on Illinois residents. The revenue data should

also be combined with workload data from the cases involved (obtained from the form shown in Figure 9) to determine the "productivity" of prosecutive actions in these areas.

E. Awareness

The source of information about awareness is twofold. First, the data on media coverage (case by case) gives an indication of the total population exposed to information about the FCB. However, the exposure is not an end in itself; the extent to which it translates into action is of evaluative interest.

The case initiation forms (Figure 8) should be analyzed to determine which cases, if any, have resulted in additional complaints or cases filed or in additional victims identified. Of particular interest is the awareness of state and local governmental units in the efforts of the FCB in their respective areas of interest. In a Bureau as new as the FCB other governmental units may not be sufficiently aware of its activity; awareness of the FCB by these units can lead to a great deal of case referrals.

F. Information Flow

Figure 16 is a diagram of the information flow resulting in the evaluation. This figure should be helpful in understanding the need for the various forms, by giving an overview of the data requirements.

G. Overall Impact

The FCB and other such operations can have an enormous overall impact that cannot be measured by any of the forms or tables included in this report. By focusing attention on economic crime and the harm it causes, there may be an increased awareness that economic crime is just as much "real crime" as street crime. It is often assumed that economic crimes are more easily deterred by prison sentences than are street crimes; thus, a change in sentencing practices brought about by this awareness may help to reduce economic crime.

Another, more intangible factor to be anticipated from focusing on economic crime relates to the fact that the measurement of societal processes (such as crime) had major political ramifications, political in the sense that it determines how resources are allocated. We presently determine "how much crime" there is by counting the number of murders, rapes, robberies, assaults, burglaries, larcenies, and auto thefts. Yet no one would say that there are the only crimes, or that there are representative of all crimes, or that these "span the (behavioral) space" of criminality in our society. They are used as a proxy measure for all crimes, as an index of crime, by the FBI, but they have never been shown to correlate with the crimes not included in the FBI's Crime Index. As a result, when we allocate resources to "fighting crime", we normally allocate them to programs which affect these seven crimes. An increased awareness of the nature of economic crimes and their impact on society can have a major effect on the way resources are allocated to reducing the prevalence of economic crime.

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ARREST LOG

Date of Arrest _____

Registration Number _____

Person Arrested _____

Age of Person Arrested _____

Address of Arrested Person _____

Business Name and Address _____

Offense Charged _____

Arresting Officers _____

Complainant _____

Original Court Date
and Continuances _____

Court Disposition _____

Case Number _____

FIGURE 1. ARREST LOG, INVESTIGATIONS DIVISION,
ILLINOIS DEPARTMENT OF REVENUE AND TAXATION

FINANCIAL CRIMES - PROSECUTION BUREAU

INVESTIGATION: _____
 DEFENDANT(S) _____
 County: _____
 NATURE OF CHARGES: _____
 DATE REC: _____ DATE CLOSED: _____
 ASSISTANT _____

FIGURE 3. INDEX FILE CARD

<p style="text-align: center;">REGISTRATION NO. ASSIGNED TO</p> <p style="text-align: center;">VS.</p> <p style="text-align: center;">ADDRESS</p> <p style="text-align: center;">OPPOSING COUNSEL</p> <p style="text-align: center;">ADDRESS</p> <p style="text-align: center;">PHONE NO.</p>	<p style="text-align: center;">RECORD OF ORDERS & MEMORANDA</p> <p style="text-align: center;">DATE</p> <p style="text-align: center;">RECORD OF ORDERS & MEMORANDA</p> <p style="text-align: center;">DATE</p>
<p style="text-align: center;">COURT ACTION</p> <p>COURT NO. _____</p> <p>SUIT FILED ROOM _____</p> <p>RETURNABLE _____</p> <p>AMOUNT _____</p> <p>DECREE _____</p> <p>JUDGMENT _____</p> <p>EXECUTION NO. _____</p> <p>BAILIFF OR SHERIFF NO. _____</p>	<p style="text-align: center;">RECORD OF ORDERS & MEMORANDA</p> <p style="text-align: center;">DATE</p> <p style="text-align: center;">RECORD OF ORDERS & MEMORANDA</p> <p style="text-align: center;">DATE</p>

WILLIAM J. SCOTT
 Attorney General
 STATE OF ILLINOIS
 160 North La Salle Street
 CHICAGO
 793-3500

FIGURE 4. INDEX FILE JACKET

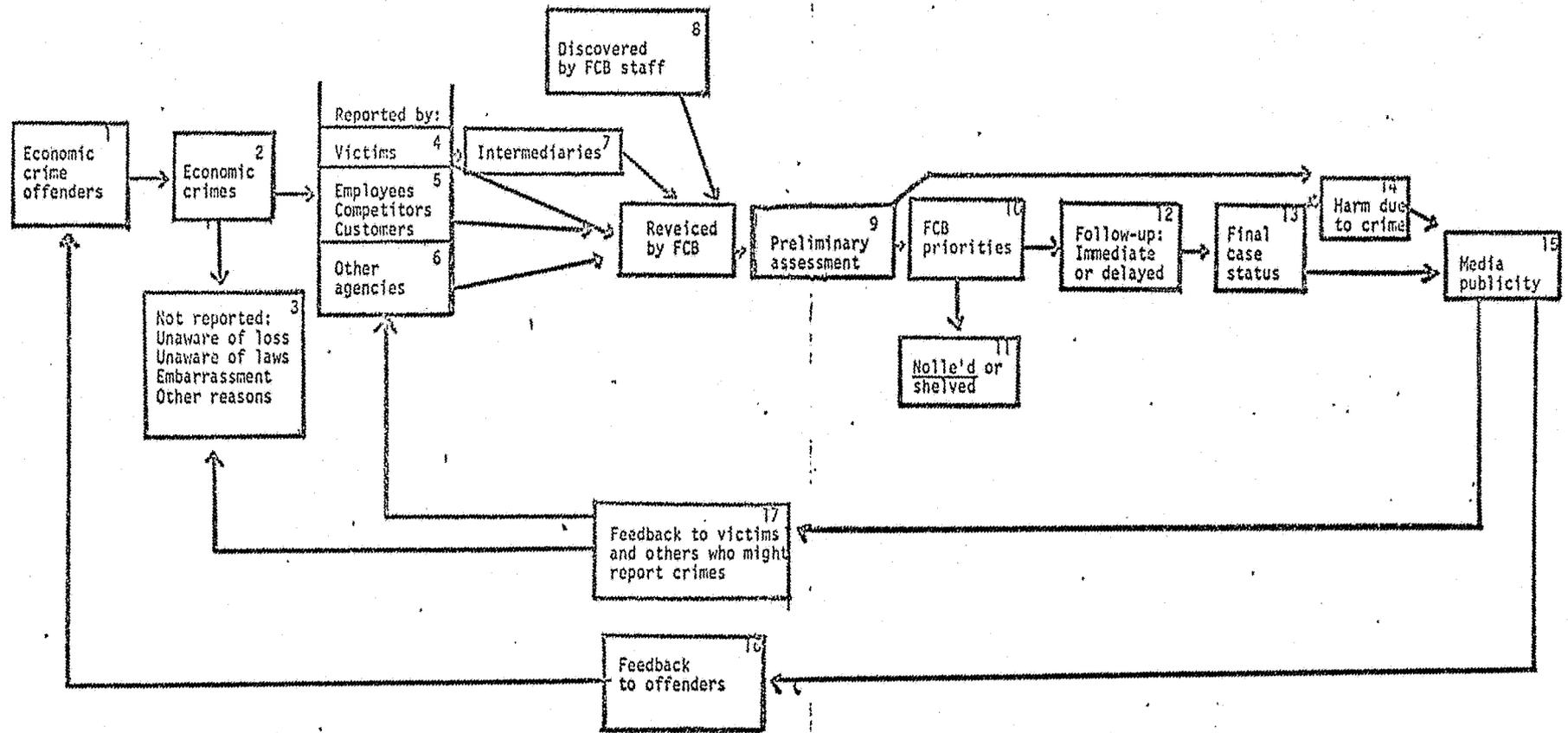


FIGURE 5. EVALUATION LOGIC

FINANCIAL CRIMES BUREAU

Summary of Activity, Month of _____ 197__

	<u>Cases</u>	<u>Investigations</u>
Numbered initiated	_____	_____
Number terminated	_____	_____
Number ongoing	_____	_____

Sources of new cases/investigations:

FCB-initiated	_____
Other agencies	_____
Citizen	_____
Other	_____

Types of case/investigation termination:

No violation found	_____
Out-of-court settlement	_____
Consent decree	_____
Nolo contendere	_____
Guilty Plea	_____
Trial: guilty	_____
Trial: not guilty	_____

Losses/restitution represented by closed cases

\$ _____ losses; \$ _____ restitution
 These are the equivalent of _____ days pay lost, and restitution
 of _____ days pay, for the citizens of Illinois.

FIGURE 6 SAMPLE SUMMARY SHEET

TABLE E-1
 ECONOMIC CRIME CLASSIFICATION CODES

PRODUCT OR SERVICE	TRANSACTION	SCHEME
(2) Automobiles	01 Advertising	01 Advance fee
01 Banking	14 Appropriations	02 Bail and Switch (Loss leaders)
(36) Charities	02 Contracts	03 Bribery - Commercial
07 Contests	03 Credit and Loans	04 Bribery - Other
03 Construction	04 Distributorships & Franchise	05 Bunco or Con Game
04 Credit Cards	05 Guarantees and Warranties	06 Check Kiting
05 Debt Collection	06 Insurance	07 Copyright, trademark or patent violation
06 Debt Consolidation	07 Investments	08 Embezzlement
07 Energy	08 Procurement	09 Failure to deliver goods (partial or total)
08 Estates - Missing Heirs	09 Rental	10 Failure to Perform Service (partial or total)
09 Food	10 Repair	11 Failure to honor cooling off period
10 Government - Income Tax	11 Sales - Door-to-door	12 Failure to honor warranty
11 Government - Welfare	12 Sales - General	13 False and deceptive advertising
12 Government - General	13 Solicitations	14 False claims, applications, or titles
13 Home Improvements	14 Appropriations	15 Harassment
14 Housing - Condominium		16 Kickback
15 Housing - Landlord-Tenant		(32) Misappropriation of Funds)
16 Housing - Mobile Homes		17 Misrepresentation - Quality of land, goods or services
17 Housing - General	97 Unknown	18 Misrepresentation - Use of money
18 Job Opportunities	98 Other	19 License - Operating without
(37) Magazines	99 Not Applicable	20 License - Violating terms of
19 Medical - Cosmetics, drugs, treatments (products)		21 Octane Rating
20 Medical - Health care, nursing homes (services)		22 Odometer Rollback
21 Medical - Welfare		23 Overcharge
22 Memberships, Clubs		24 Penzi
23 Merchandise - Auto		25 Price Fixing
24 Merchandise - Appliance		26 Pyramid
25 Merchandise - TV/Radio		27 Territory or Customer Allocation
26 Merchandise - General		28 Unreturned deposit
27 Professional Services		29 Usury
28 Real Estate - Improved (sale of property such as farms, industrial, commercial, residential)		30 Weights and Measures
29 Real Estate - Unimproved (land for homesites, recreational use)		31 Unregistered Securities
30 Real Estate - Cemetary lots		32 Misappropriation of Funds
31 Schools - Self-improvement, home study, correspondence		
32 Securities - Corporate		97 Unknown
33 Securities - General		98 Other
		99 Not Applicable
34 Transportation - Railroads, airlines, buses, taxis (passenger)		
(39) Transportation - Freight		
35 Vacation - Travel Opportunities		
36 Charities		
37 Magazines		
39 Transportation - Freight, moving companies, etc.		
40 Vending Machine		
41 Commodities - Precious Metal		
42 Fire Alarm, Smoke Detection Devices		
47 Unknown		
98 Other		
99 Not Applicable		

Source: Battelle, 1974

FIGURE 7. ECONOMIC CRIME CLASSIFICATIONS

SUBJECT _____

A.G. NUMBER _____

COMPLAINANT _____

Date of Initial Contact _____

COUNTY _____

OTHERS INVOLVED _____

FACTS: _____

SOURCE:

1. FCB initiated
 _____ From newspaper ad
 _____ From news item
 _____ Based on other state's experience (Organized Crime Newsletter, Economic Crime Newsletter, other)
 _____ Other _____

2. Referred from another governmental agency
 _____ Investigations Division of Illinois Department of Revenue
 _____ Other state agency _____
 _____ SEC
 _____ Other federal agency
 _____ Other _____

3. Private organization (BBB,CAP) _____

4. Citizen complaint
 A. Relationship to alleged offender B. Why FCB was called
 _____ Employee or former employee _____ Standard operating procedure
 _____ Competitor _____ Referred by another agency
 _____ Customer or Client _____
 _____ Other _____
 _____ Referred by lawyer
 _____ Publicity surrounding another case _____
 _____ General awareness
 _____ Other _____

FIGURE 8. SAMPLE INTAKE FORM

FINANCIAL CRIMES BUREAU

Case Termination Form

Investigation No. _____ Case No. _____

Outcome:

_____ 1. No crime committed
 _____ 2. Illegal practice voluntarily discontinued
 _____ Victims reimbursed _____% of loss
 _____ No restitution
 _____ Other
 _____ 3. No prosecution
 _____ Too complicated and long to present before a local grand jury
 _____ Insufficient evidence
 _____ Other
 _____ 4. Consent decree
 _____ 5. Nolo contendere plea
 _____ 6. Out-of-court settlement
 _____ 7. Guilty plea
 _____ 8. Trial Jury _____ Bench _____
 _____ Guilty verdict
 _____ Not guilty

Victimization: \$ _____ losses; \$ _____ restitution
 equivalent to _____ man-days lost; restitution equivalent to _____ man-days

Sentence (s): Fines _____ Sentences _____
 D1 _____
 D2 _____
 D3 _____

Resources: _____ investigator man-days
 _____ accountant man-days
 _____ attorney man-days
 _____ other _____

COMMENTS:

FIGURE 9. SAMPLE TERMINATION FORM

FINANCIAL CRIMES BUREAU

Media Coverage

Case: AGNumber _____

PRINTED MEDIA

Newspapers:

<u>Illinois</u>	<u>Day(s)</u>	<u>Number of inches</u>	<u>Total circulation</u>
<u>Other</u>			
<u>Magazines, trade journals</u>			

ELECTRONIC MEDIA

Television:

<u>Local</u>	<u>Number of spots (days)</u>	<u>Estimated audience size</u>
<u>National</u>		
Radio:		
<u>Local</u>		
<u>National</u>		

FIGURE 12. MEDIA COVERAGE

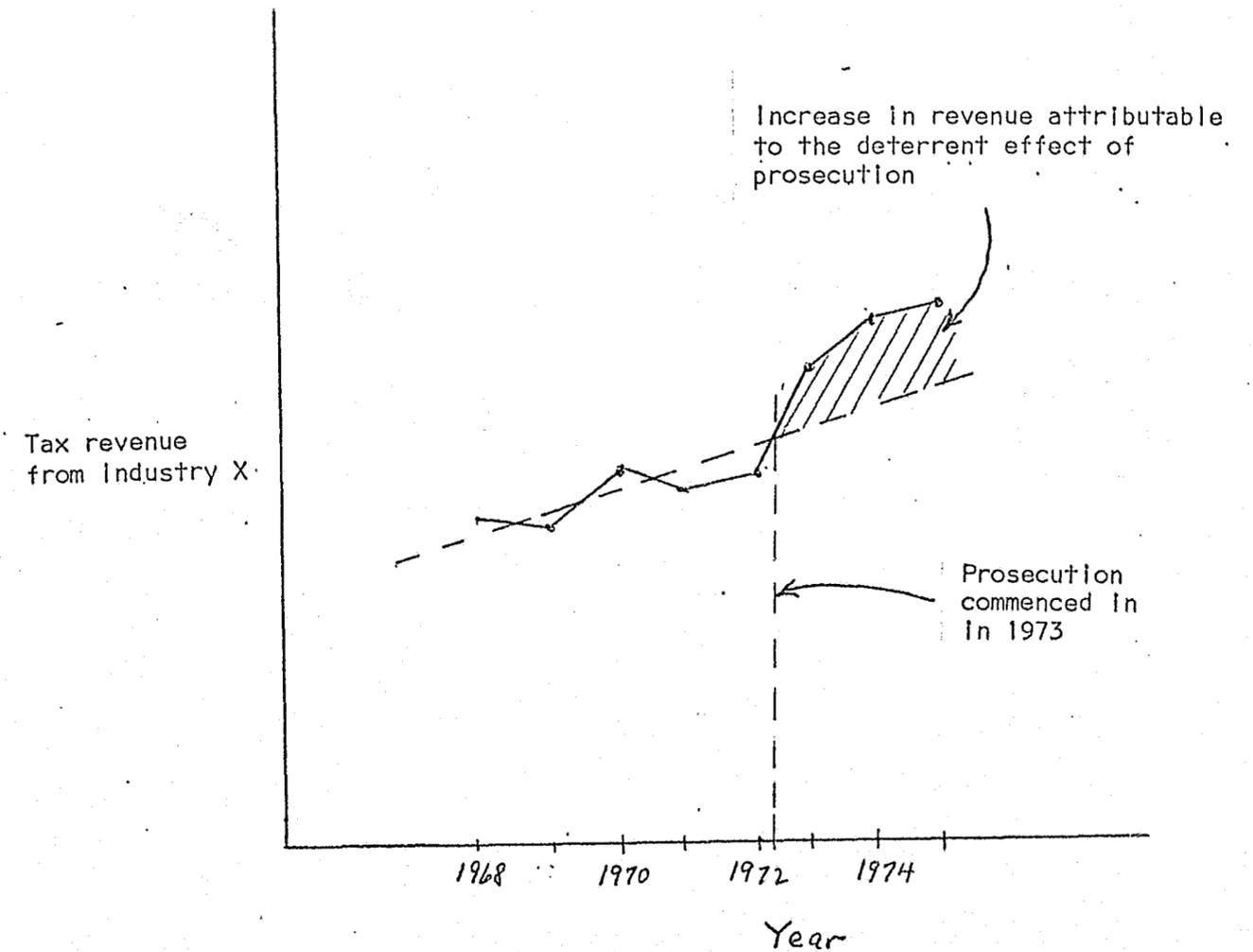


FIGURE 13. ESTIMATING THE DETERRENT EFFECT

FINANCIAL CRIMES BUREAU

In an effort to present the work of the Financial Crimes Bureau in terms of the impact of economic crimes on the citizens of Illinois, we are using as a measure of harm the amount of property loss, measured both in terms of dollars and in terms of the number of working days this loss represents. By way of contrast we are including the figures for robbery and burglary determined in national surveys by the Census Bureau for the Law Enforcement Assistance Administration.

Using as a measure "the number of days pay lost" takes into account the ability of the victims to afford the loss. It helps in determining how to allocate resources devoted to enforcing the criminal laws.

Crime type	Total		Per case		Per household	
	\$	No. of days pay	\$	No. of days pay	\$	No. of days pay
Stock fraud Pyramid schemes Tax evasion Etc.						
Robbery (LEAA data) Burglary						

FIGURE 14. SUGGESTED PRESENTATION OF HARM DATA

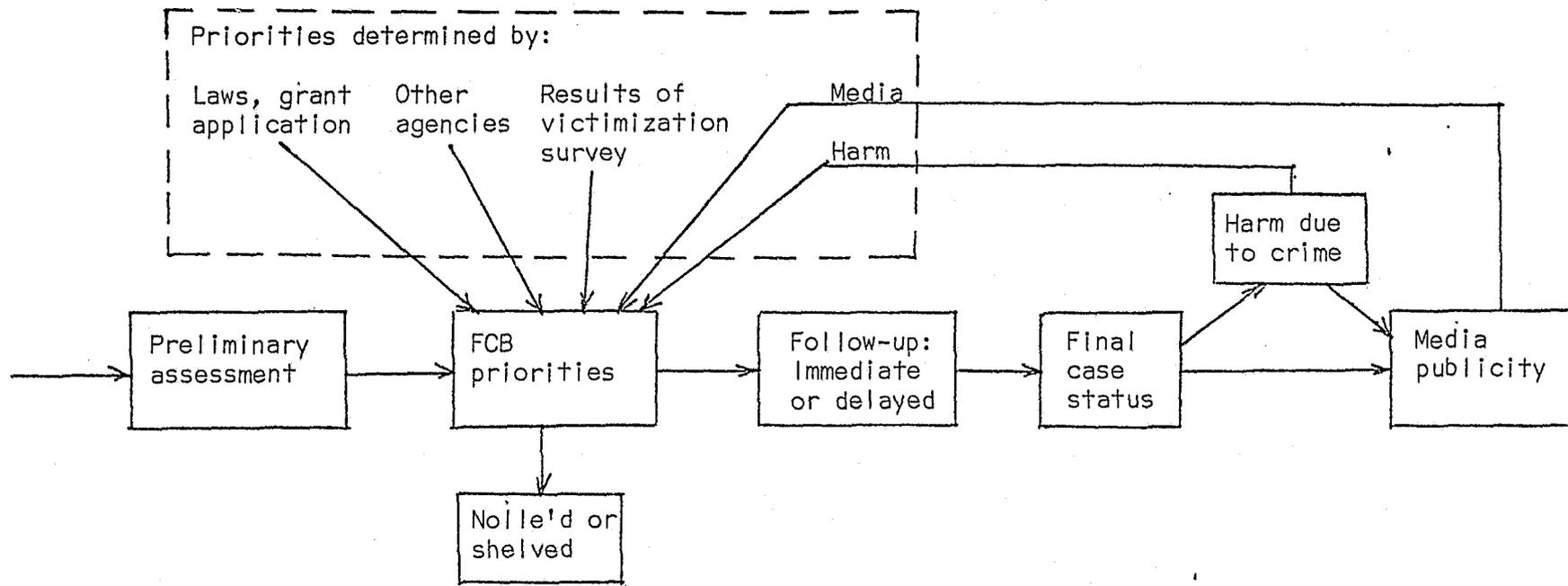


FIGURE 15. PRIORITY DETERMINATION

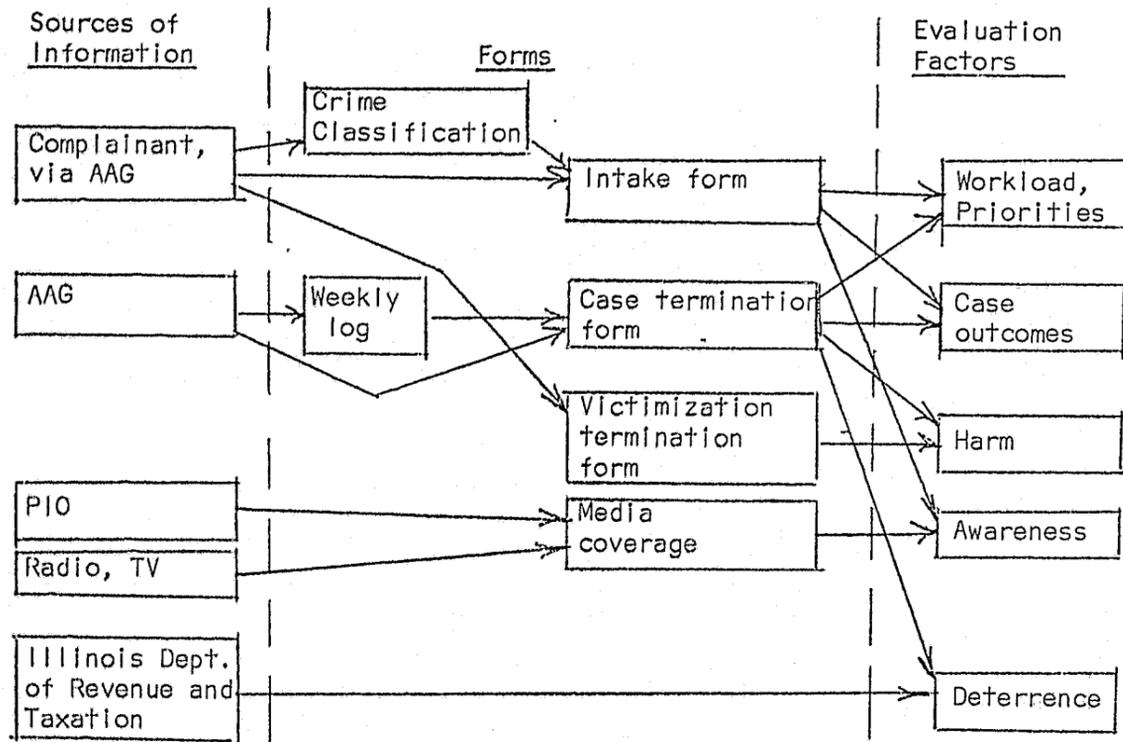


FIGURE 16. INFORMATION FLOW IN THE FCB EVALUATION

END