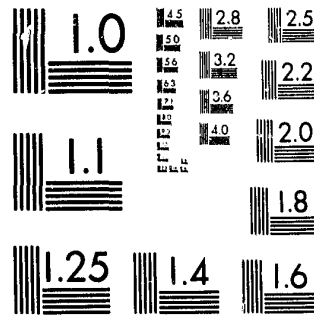


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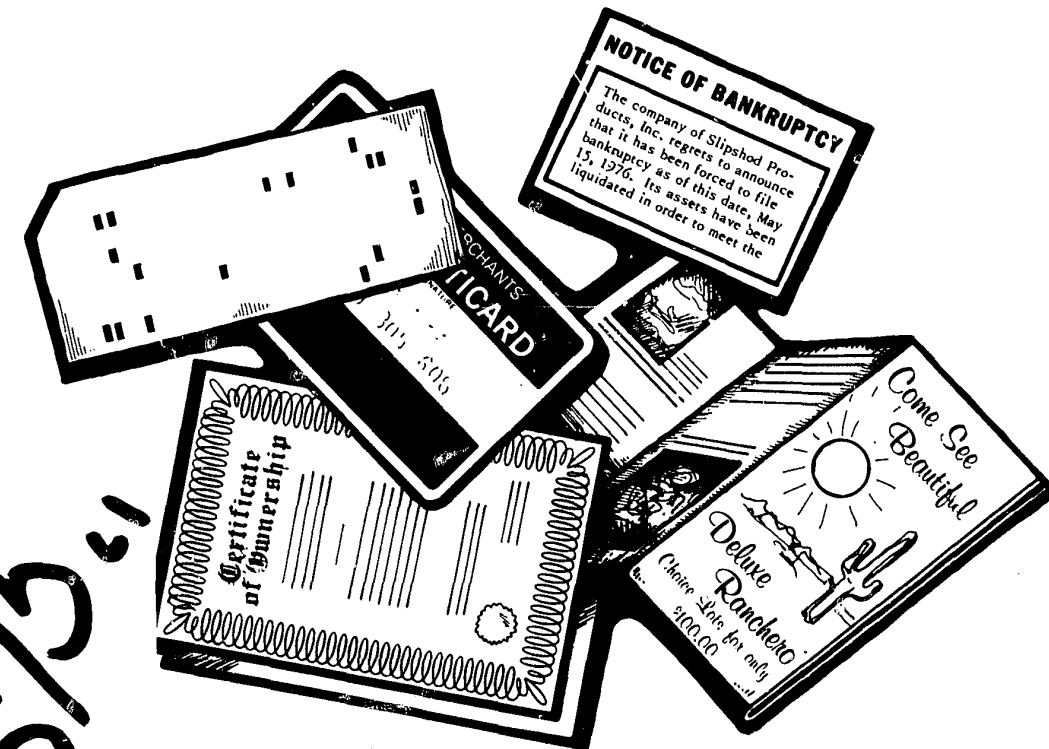
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SEPTEMBER 1979

WHITE COLLAR CRIME

THE INTELLIGENCE PROCESS IN WHITE COLLAR CRIME INVESTIGATION

AN OPERATIONAL GUIDE TO WHITE COLLAR CRIME ENFORCEMENT



ment Assistance Administration • U. S. Department of Justice

OPERATIONAL GUIDE TO WHITE-COLLAR CRIME ENFORCEMENT

THE NATIONAL CENTER ON WHITE-COLLAR CRIME

Herbert Edelhertz, Project Director

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THE INTELLIGENCE PROCESS IN WHITE-COLLAR CRIME INVESTIGATION

NCJRS

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FOREWORD AND ACKNOWLEDGMENTS

This Operational Guide is one of a series developed by the National Center on White-Collar Crime as part of the Center's program of support services to agencies engaged in the prevention, detection, investigation, and prosecution of white-collar crime and related abuses. These Operational Guides are intended for use in actual law enforcement operations, as well as training, on the theory that the best training materials are those which most respond to the day-to-day needs of users who regularly practice their skills. This series evolved parallel with, and as a part of the Center's preparation of a curriculum for training in the field of white-collar crime enforcement.

Special mention should be made of the support and encouragement of James O. Golden, Director, and Stephen Cooley, Deputy Director, of the Criminal Conspiracies Division of the Office of Criminal Justice Programs, Law Enforcement Assistance Administration, and of Mr. Jay Marshall who is our LEAA Project Monitor. Last, we gratefully acknowledge the invaluable support of members of the Battelle Law and Justice Study Center staff, and particularly that of Cheryl Osborn and Ingrid McCormack who typed our manuscripts, kept our files, and did all those things without which this series could not have been created.

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THE INTELLIGENCE PROCESS IN
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THE INTELLIGENCE PROCESS IN
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I. INTRODUCTION

In recent years, the intelligence process has played an increasing role in the control of organized crime. The use of such a process in white-collar crime investigation is as important in this field and can be justified for the following reasons:

1. The increasing incidences, complexity, and diversification of white-collar crime schemes.
2. The increasing recognition of the societal impact of white-collar crime schemes.
3. The difficulty of identifying and prioritizing white-collar crime enforcement targets.
4. The increasing difficulty of cost-effectively collecting evidence necessary for the successful prosecution of white-collar crime perpetrators.
5. Increasing penetration of organized crime members into legitimate business.

Normally, white-collar crime investigative activities are reactive in nature. They are principally stimulated by victim complaints or occasionally by informants or "violation targeting" programs implemented by a law enforcement agency. The intelligence process can act as a fourth stimulus to such investigations, and in addition provide output which will effectively guide investigations resulting from the three other stimuli described above. Finally, if the intelligence process is effectively implemented as a component of overall

white-collar crime enforcement activities, it should result in a reduction of expensive investigative and prosecutorial time, while not decreasing the overall effectiveness of the effort.

II. THE INTELLIGENCE PROCESS

The intelligence process initially emerged as a support system for military maneuvers. It facilitated the effective takeover of another organizational entity or provided security from takeover of one's own organization. The philosophy of employing the intelligence process in crime or police work is no different. In the case of the white-collar criminal, money serves as their "takeover" objective. Sophisticated knowledge of business principles and practices serves as a means for the takeover, while an implementation of an informal but effective intelligence program assists them in avoiding detection, thus successfully satisfying their monetary objective. If it were not for their successful use of at least the principles of the intelligence process, their detection/prosecution would be simplified. The incidence of law enforcement agencies implementing the intelligence process to provide security from such a successful fraud operation (or "takeover") is quite new within the area of white-collar crime investigation. Several factors which make the effective implementation of intelligence systems extremely difficult are as follows:

- General superiority of criminals' sophistication in the business practices being used.
- Implementation of the white-collar scheme in multiple jurisdictions.
- Numerous ways a given scheme can be perpetrated.
- Numerous people or organizations actively involved in the execution of a scheme.
- General competition both within and between police organizations.

These difficulties must be recognized when implementing the intelligence process but should not serve as reasons

for discouraging such implementation. These difficulties are the principle reasons a simple investigative approach on a reactive basis is not an effective or efficient means of controlling the white-collar criminal or organization.

The intelligence process can be best described as involving four basic components: (1) information input, (2) information integration, (3) inference development, and (4) information dissemination. The actual process flow is shown in Figure 1.

The intelligence process can be designed to satisfy tactical and/or strategic objectives. The basic process would remain the same, but the actual performance of each component would be slightly different. In general, if the intelligence process is to satisfy tactical objectives, it would be reactive in nature and typically case- or target-oriented. Once a unique tactical objective is satisfied or discarded, another case or target would be selected and the process repeated.

A strict strategic orientation for the intelligence process is not often selected by police intelligence personnel. It is usually expensive and often does not produce results readily definable to law enforcement agency officials. A strategic objective can serve as a secondary objective of the process and would be principally proactive in nature. It would serve to identify future problem areas before they develop and offer guidance in developing preventive legislation, regulations, or public awareness. Because of the diversity and complexity of white-collar crime and the difficulty of developing effective prosecutions, the strategic intelligence approach should serve a more active role in white-collar crime investigations than that found in other areas of police work.

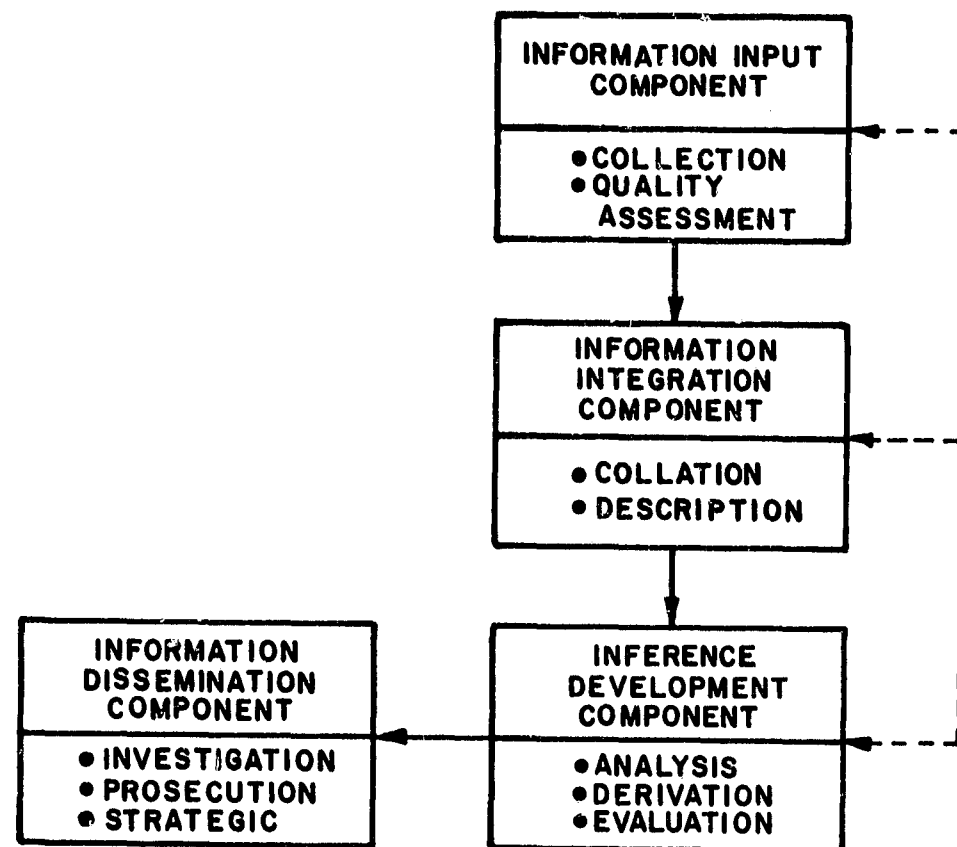


Figure 1. Flowchart of White-Collar Crime Intelligence Process.

A. Information Input Component

The effectiveness of the total intelligence process is dependent upon both the amount and quality of information allowed to pass through it. In many jurisdictions the amount of white-collar crime information is rapidly becoming restricted because of new security and privacy regulations or legislation. To be effective it is necessary to survey

sources of information in your own jurisdiction and to determine what are "actual" versus "perceived" rules for dissemination. Often information can be obtained on a personal basis. Remember, the information entered into the intelligence process does not have to be evidentiary in nature. This permits protection of your information source, as well as acquisition of third or fourth party information normally not found in an investigation. The actual development of this information as evidence is not part of the intelligence process but would come later, after the intelligence product has been disseminated to investigative or prosecution personnel.

An exhaustive list of information sources is impossible to prepare, but in Table 1 we have outlined general categories of white-collar crime intelligence information and the key sources where this information should be available. Contact with other local, state, or federal criminal justice organizations should always be considered.

All white-collar crime intelligence information must be assessed as to its quality before it is formally entered into the intelligence process. The accuracy or your level of certainty about the inferences or conclusions you may disseminate from the process are totally dependent upon the quality of information you used to develop them. Both the source of the information and its content must be considered when making the quality assessment. Key factors to be considered in evaluating the information source would be:

- Does the source really have direct access to the information? If the source is not primary, what is his relationship to the initial information provided?
- Were there any personal or physical constraints on the source's retrieval of the information that may have resulted in bias?
- Does the source have an ulterior motive which may result in the provision of biased, incomplete, or unacceptable information?

TABLE 1

**WHITE COLLAR CRIME INTELLIGENCE
INFORMATION AND POTENTIAL SOURCES**

Type of Information	Key Potential Sources
Real Estate Transactions	<ul style="list-style-type: none"> • City/County Tax Collector • City/County Tax Assessor • City/County Street Dept. • Public/Private utility firms • Private, city or county sanitation departments • County clerk and/or recorder • County Surveyor
Personal Descriptions	<ul style="list-style-type: none"> • School districts or colleges • County clerk and/or recorder • City, county health departments • State or local civil service departments • Registrar of voters • State or county welfare dept. • County coroner's office • Private utility firms
Civil Actions	<ul style="list-style-type: none"> • County clerk and/or recorder • State or local administrative, regulatory and licensing departments
<ol style="list-style-type: none"> Names & addresses of parties involved Mortgage or lien holders Assessed/taxable value Maps & locations of sewers, easements, utility conduits Building permits, identity of building inspectors Delinquent property taxes Civil actions involving real estate 	

TABLE 1, continued

Type of Information	Key Potential Sources
Financial Information	<ul style="list-style-type: none"> • State, local, private credit unions • State, local civil service departments • Stock brokers or bonding companies • Retailers Credit Association (individual information) • Dunn and Bradstreet (corporate information) • Life insurance companies • Abstract & title companies • Western Union • Auto manufacturers • National credit card organizations • Private or public utilities • Travel agencies • Student scholarship foundations • Banks and savings and loan institutions
<ol style="list-style-type: none"> Personal salary/employment history Loan information Loan guarantors Safety deposit boxes Checking/savings account existence, status, & flow Financial statements Bankruptcy history Corporate financial status Indices of net worth or over-extension 	
Licensing/Ownership Information	<ul style="list-style-type: none"> • City, county, or state licensing departments • City, county, or state health department • Published fictitious name reports
<ol style="list-style-type: none"> Membership of partnership corporation Existing licenses to do business Names of parties doing business under a fictitious name 	

TABLE 1, continued

Type of Information	Key Potential Sources
Individual/Business Associations	<ul style="list-style-type: none">● Private and public utility companies
1. Associations between individuals	
2. Associations between individuals and businesses	<ul style="list-style-type: none">● Taxicab companies
3. Associations between businesses	<ul style="list-style-type: none">● Auto rental companies● Express or moving companies● Telephone directories● Newspapers or periodicals● Lloyd's Register of Shipping or Merchant Vessels of the United States● Lloyd's Register of Yachts● Membership listings of fraternities, sororities, or professional organizations● Rental or real estate agencies● Better Business Bureau● School (including college) records● Many of the sources listed in the previous sections of the table

- What has been the prior accuracy level of the source either with you or other members of your unit?

Factors to be considered in evaluating the content of the intelligence information should include:

- Is the information verified or at least consistent with information received from other independent sources?
- Is the information logically consistent within itself?

Information not having any source reliability or content validity should not be allowed entry into the intelligence process. This does not mean it should be totally discounted, since later intelligence information collection may cause you to change your quality assessment. For this reason, a note concerning your quality assessment of the information should be placed on the report containing the information, whether it be simply put in the file or entered into the intelligence process. This will insure the information will be appropriately responded to should it be reconsidered for entry into the intelligence process at a later date.

B. Information Integration Component

Raw intelligence information, even when appropriately assessed, means little by itself. It must be effectively integrated with other pieces of information before an interpretation of its meaning can be developed. Starting with this component, the implementation of the intelligence process in white-collar crime enforcement becomes different than that found in normal police operations. Because of the complexity of the target crimes, a high level of sophistication is required of the intelligence personnel in order to integrate the information and to effectively interpret the meaning of such integrations. Ideally, such a person in addition to his knowledge of police intelligence and investigative procedures would be proficient in the following areas:

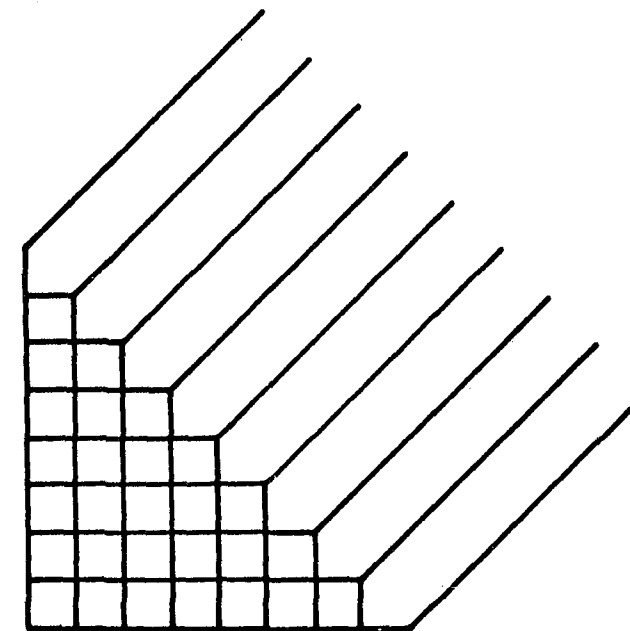
- Auditing of computer programming
- Fiscal accounting and auditing procedures
- Business administration
- Banking and savings and loan procedures
- Stock market procedures
- Real estate procedures

It is doubtful that such a person exists in any law enforcement agency in the United States. Also each of the areas listed above is well beyond the scope of this discussion. A reasonable compromise is to become conversant with the basic sales or business practices associated with a given type of business or crime scheme. Then, apply basic intelligence integration procedures to display the information pictorially or systematically. Finally, if necessary, the skills of a consultant or specialist in the given area could be acquired to assist in the interpretation of the integrated information. Two basic information integration skills central to this approach are link analysis and flow charting. In considering the use of these skills, it should be recognized that white-collar crime schemes differ widely in their substance and modi operandi. Therefore, examples taken from other crime areas will be somewhat more generalizable for purposes of illustration in the following pages.

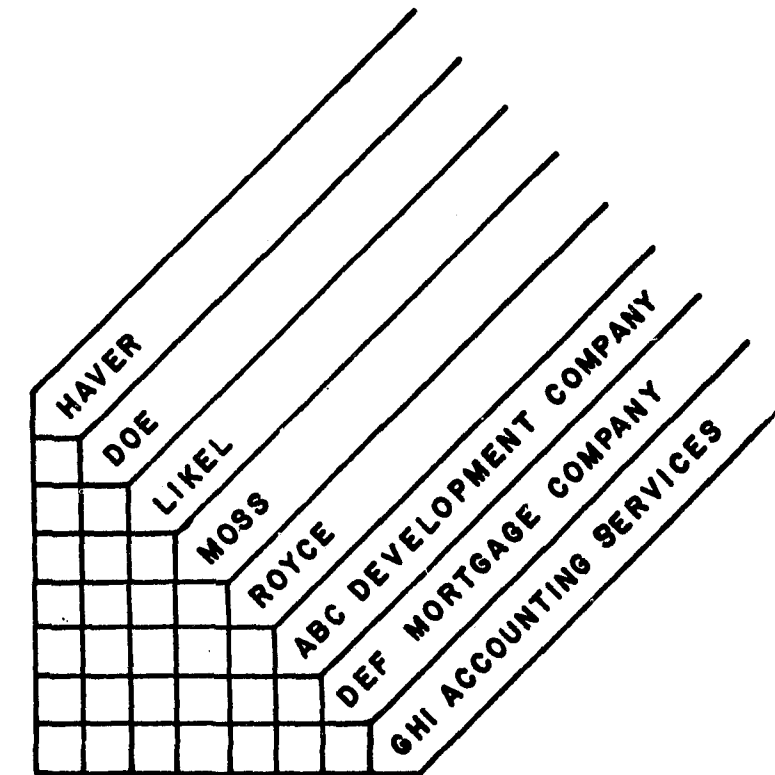
1. Link analysis procedures have been recently adapted for use in police intelligence work to display associations between people and/or business involved in a crime scheme (Harper and Harris 1975; Harris and Ford, 1975).

The basic steps for this kind of analysis are as follows:

- Assemble all information to be described in a link analysis diagram.
- Read through the material and underline or highlight the name of each person and/or organization to be included in the diagram.
- Construct an association grid and enter each name underlined or highlighted in step 2 on the diagonal. Alphabetical entry of such names is recommended to assist later data entry.

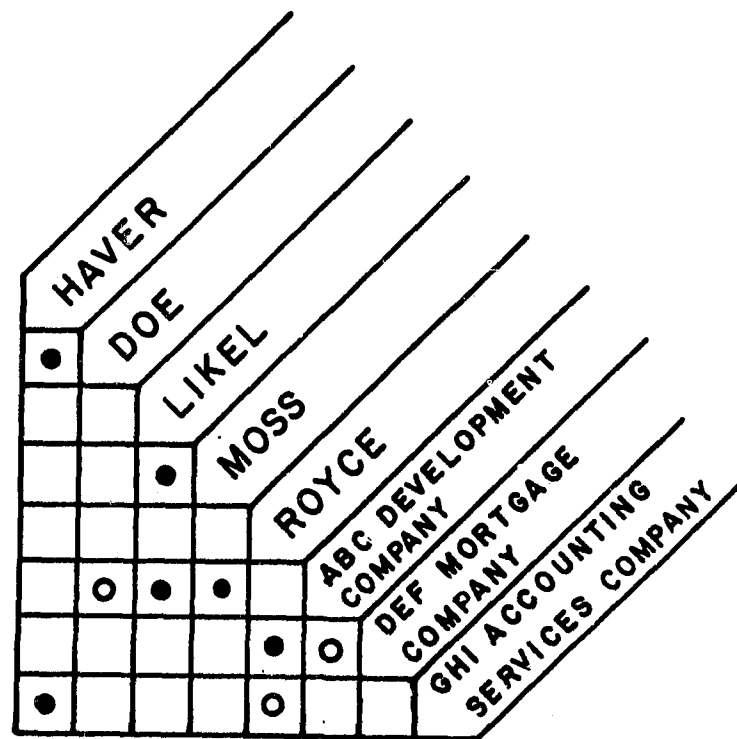


BLANK ASSOCIATION GRID



ASSOCIATION GRID WITH NAME ENTRIES

- Reread the information to be analyzed and each time an association is noted between people and/or organizations listed on the association grid, evaluate the strength of the association as being strong (certain to almost certain it exists) or weak (not certain it exists). Enter a solid dot "●" in the cell describing the association if evaluated as strong, and enter an open dot "○" in the cell describing the association if evaluated as weak.
- An unidentified informant reports that securities which represented the major assets on ABC Financial Statement used by ABC Development Co. to obtain loan from DEF Mortgage Co. for construction of apartment building are actually not owned by ABC but by John Doe.
 - Incorporation papers of ABC Development show A. B. Likel, President and D. E. Moss, Secretary/Treasurer. (strong = ●)
 - An Intelligence Report identifies George Royce, an auditor/inspector for DEF Mortgage Co., receiving an envelope from an unknown person. Surveillance of unknown person led to GHI Accounting Services Co. (Royce and GHI: weak = ○)
 - A check of the business license of GHI Accounting Services identifies Harry Haver as owner. (strong = ●)
 - Background check of Harry Haver shows multiple arrests, no convictions, and that he is son-in-law of John Doe. (strong = ●)



ASSOCIATION GRID DEMONSTRATING INTELLIGENCE INFORMATION ASSOCIATION EVALUATIONS

- (e) Display the association evaluations in the form of a link analysis diagram. Use a solid line to reflect strong associations and a dotted line to show weak associations. Further, people who own or work for a business can either be implicitly (place person inside symbol for business) or explicitly demonstrated (show association between business and person with a solid association link).

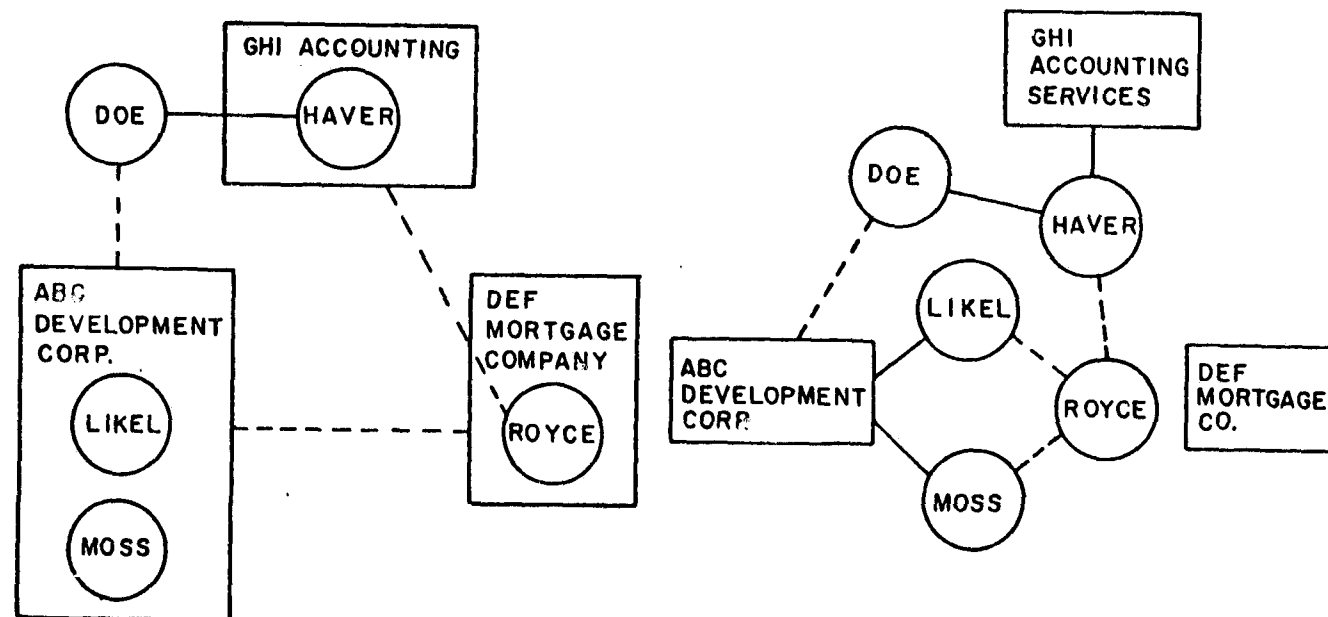


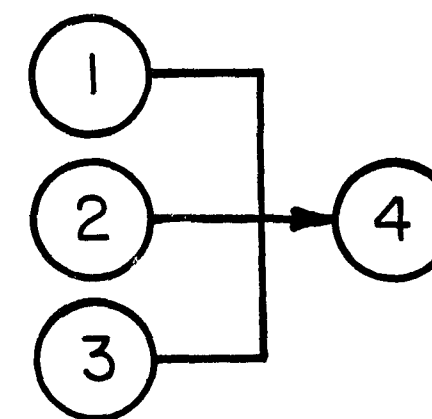
DIAGRAM SHOWING AN IMPLIED ASSOCIATION BETWEEN ROYCE AND DEF MORTGAGE COMPANY

DIAGRAM SHOWING AN EXPLICIT ASSOCIATION BETWEEN ROYCE AND DEF MORTGAGE COMPANY

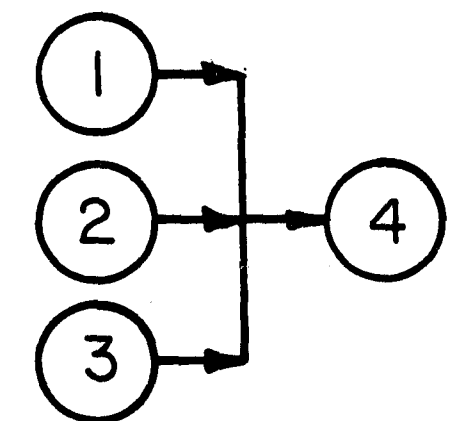
- (f) Continue to redraw the diagram to minimize the number of cross-over linkage lines and to provide the most effective presentation of the associations contained in the raw intelligence information. Date the diagram, as it represents the situation only at this point in time. New information may add new names and/or association evaluations.

2. Flow charting permits the integration of intelligence information to display a flow of events or a commodity over time. They provide effective complements to the link analysis diagrams previously described. Basic ingredients to each flowcharting technique are as follows:

- (a) Symbolic blocks (squares, rectangles, circles, triangles, etc.) are used to describe specific events, locations, organizations, or people. It is essential to be consistent throughout the chart. If a circle is used to designate people, it should be the same throughout.
- (b) The flow from one symbolic block to another is indicated by a connecting line. A solid line is used to specify flows that are certain while a dotted line is used to demonstrate a flow that is less than certain based upon the available intelligence information.
- (c) An arrow is used to show the direction of flow. For the sake of clarity, the use of arrows should be minimized. They should be located only next to a symbolic block that is the recipient of the flow.



THIS



NOT THIS

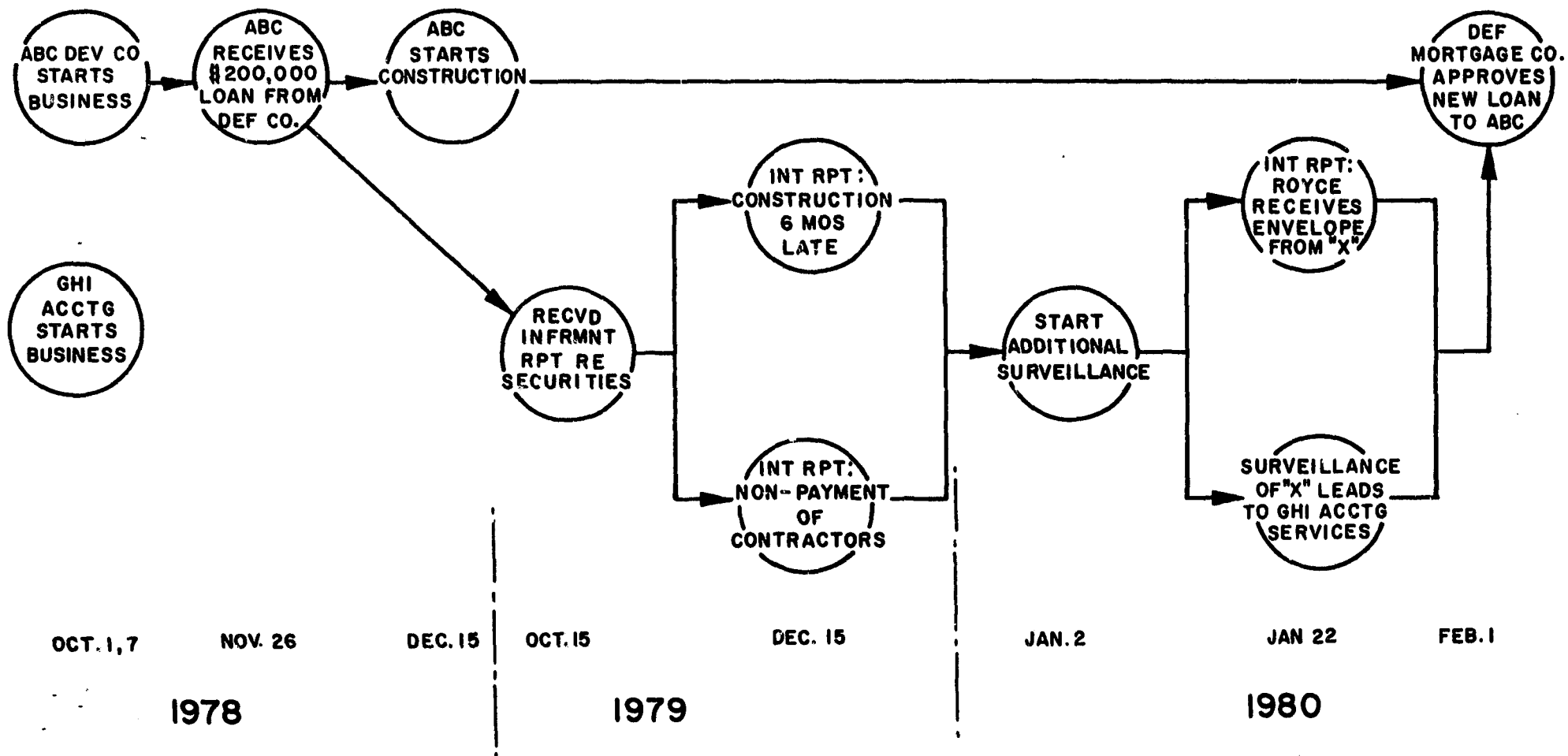
- (d) Whenever possible, the flow of the diagram should be from top-to-bottom or left-to-right.

An event flow chart is a unique application of flow-charting for demonstrating an actual sequence of events.
As an example:

INTELLIGENCE INFORMATION

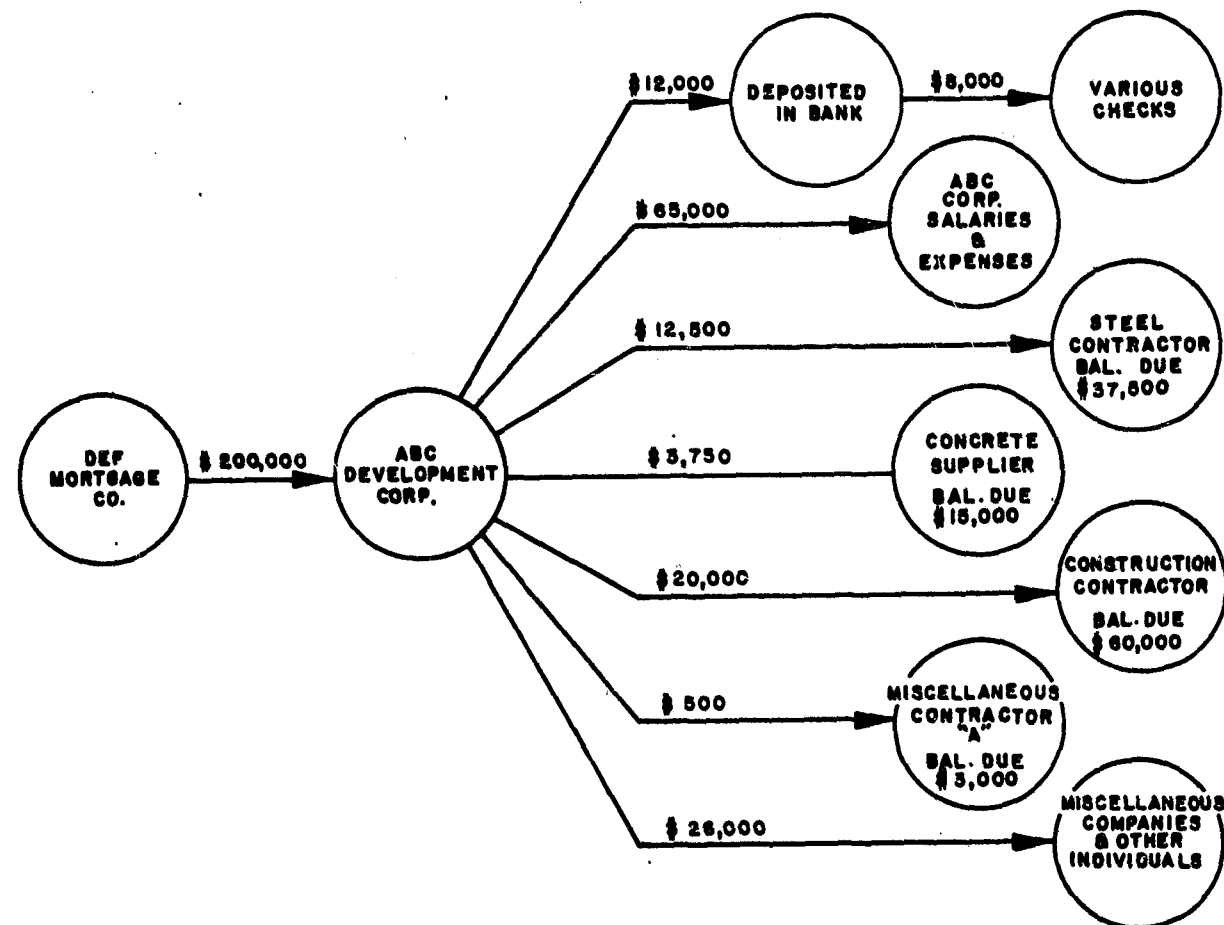
- (1) Unidentified informant's report received on 10/15/79
- (2) ABC Development Co. incorporated on 10/7/78
- (3) Investigation Report shows apartment building started construction on 12/15/78 after receiving loan of \$200,000 from DEF Mortgage Co. on 11/26/78
- (4) Intelligence report of 12/15/79 reports four of the major contractors and suppliers for the apartment building are concerned about non-payment of the invoices, and that building is approximately six months behind schedule
- (5) Start additional surveillance on 1/2/80
- (6) Surveillance of George Royce on 1/22/80--seen receiving envelope from unknown person. Unknown person followed to GHI Accounting Services on same day
- (7) GHI Accounting Services business license issued on 10/1/78
- (8) Intelligence reports that ABC Development Co. received additional \$200,000 loan from DEF Mortgage Co. on 2/1/80

(DIAGRAM: CONTINUED NEXT PAGE)



EVENT FLOW CHART

A commodity flow chart is used to show the flow of a specific commodity (money, stock, real estate, etc.) from one person or location or organization to another. As an example, presume that you have obtained through subpoena the records of ABC Development Co. for the 14 months since they started business. You could, through use of a flow chart, describe graphically how the initial loan of \$200,000 was spent and thus identify whether the complaining contractors have cause to worry about possible bankruptcy of ABC. The flow of money might look like this:



A simple analysis would show that the total paid out (\$127,750) plus the current bank balance (\$4,000) leaves about \$70,000 of the original \$200,000 loan unaccounted for. With \$70,000 unaccounted for and four contractors who owe a total of \$115,500, the

flow chart might identify to the investigator that there is a need for additional information regarding the miscellaneous companies and other individuals as well as the missing \$70,000.

Another information integration tool relevant to the intelligence process within white-collar crime is financial analysis. However, because of the fiscal skills of the typical white-collar criminal, the practice of such an analysis must be much more sophisticated than that normally employed in police intelligence. It will typically require the talents of a specialist and will most often provide the cues to the white-collar criminal's own intelligence process that they are now the focus of observation if not a full blown investigation. We feel a discussion of sophisticated financial analysis techniques is beyond the scope of this presentation. Further, it should only be employed on a limited basis in the white-collar crime police intelligence process. Its principle payoff with minimal risk involved would be in the final stages of investigation when prosecution is imminent.

C. Inference Development Component

An integrated intelligence product is little better than raw intelligence should the process be stopped at this point. The integration component essentially organizes the raw intelligence so that an interpretation "of what's going on" can be developed. Before the intelligence process can be judged functional, the products of the integration component must be assessed to develop an inference (i.e., interpretation or speculation) of what the information means. This inference may take the following forms and resultant actions:

1. Low-certainty hypothesis -- additional information will be required before the inference is ready for dissemination. The product of the integration process will serve to identify key areas of future information collection or integration.

2. High-certainty hypothesis -- additional information may be required before the inference is ready for dissemination. The ease of investigation, governmental impact of the inference or ongoing targeting priorities of the law enforcement agency may dictate dissemination before additional information collection can be conducted to further raise the level of certainty.

3. Conclusion -- additional information is not needed. Dissemination to investigative or prosecutorial personnel is deemed appropriate.

The development of the inference and its associated level of certainty from the integrated intelligence information is not an easy task. It requires knowledge of what is the normal situation or procedure and what are indicators of deviance which may be indicative of criminal activities. This may require the services of a specialist or at least the development of a skill or knowledge level not found in normal

police work. Numerous indicators are summarized in a publication by the Chamber of Commerce of the United States, A Handbook on White-Collar Crime, (1974).

D. Information Dissemination Component

The product or output of the intelligence process can be delivered to one of two groups, depending upon the level of information development:

1. Investigation -- for the purpose of developing evidence sufficient to verify the intelligence product and support a prosecutable case.

2. Prosecution -- when the level of information development is suitably high to support a prosecutable case or a grand jury investigation.

It must be remembered that the ultimate product of a white-collar crime intelligence process is not a prosecution, it is only an inference as to what is happening. Too often, white-collar crime investigators become case-, arrest-, or prosecution-oriented and become frustrated when they are forced to abandon a project at the inference stage. However, if they do not stop at this point, they open themselves to involvement in court and to the potential exposure of their information sources. Such would greatly diminish their effectiveness in later intelligence projects.

Within the white-collar crime area there are numerous tactical and strategic applications of products of the intelligence process well beyond criminal/civil investigations or prosecutions. As examples, these might include the following:

- Selection of targets most suitable to break white-collar crime schemes
- Basis for prioritizing future white-collar crime intelligence or investigative activities

- Dissemination of information to consumer organizations
- Basis for legislative or administrative procedural change
- Basis for a class action suit
- Basis for new licensing or regulatory procedures
- Descriptive overviews offering criminal justice organizations in other jurisdictions an opportunity for proactive or reactive solutions
- Identification of potential targets to other police functions (e.g., vice, narcotics, burglary) which may have a higher probability of successful prosecution and the implementation of suitable penalty sanctions
- Selection of targets most suitable for prosecution.

III. A CASE EXAMPLE

THE WHITE-COLLAR INTELLIGENCE PROCESS OPERATIONALIZED

SCENARIO INTRODUCTION

You have been reading in the newspaper over the past three months how the national rate of inflation is continuing to abnormally rise. The reasons vary, ranging from local unemployment, massive long-term labor strikes, to acute devaluation of the U.S. dollar on the foreign money market. Last month you read the prime interest rate offered by major east coast banks rose again for the third consecutive time in a three-month period. The current rate constituted a five-year high. This morning's paper indicated the major west coast lending institutions were following the lead of their east coast counterparts.

LOGICAL QUESTIONS OF THE INTELLIGENCE PROCESS

The trend just described has happened numerous times over the past decade in America. The scenario offered in the newspapers (not from a current source or victim) offers many indicators of the potential occurrence of a major white-collar crime that unfortunately has often gone undetected until the victims have recognized their losses and notified authorities only to find the perpetrators have left the country. Ideally, the above scenario should prompt the following type of questions of the white-collar crime intelligence process:

1. What impact will the economic factors described in the newspapers have on the business community in my jurisdiction?
2. What has been the impact on the east coast business climate since the first increases in the prime interest rate started to occur?
3. What ways could a white-collar criminal gain monetarily from the described economic climate?

4. What would be indicators of such criminal activities being designed or perpetuated in my jurisdiction?
5. What would be logical information sources to review for such indicators.

Based upon your prior experience, you know that numerous increases in the prime interest rate for corporate loans over a short period of time may be indicative of a tight money market. Such raises may have little impact on your community if the business climate has been stable with minimal growth or new business start-up. However, if the growth pattern has been escalating with the upswing of inflation and many new businesses are being started, the ingredients of an "advanced-fee scam" are present.

These considerations are especially relevant in the operation of a proactive enforcement effort. Although such an effort does not always involve an economic analysis, this analysis can be combined with the continuous scanning of business operations to locate new fraud incidents and patterns. However, of more frequent importance is the development of a special sensitivity to even small signs or patterns of complaints. When these complaints are considered together with changes in the economic environment, the investigator may be in a better position to use intelligence to react quickly and effectively to a developing situation.

Once a potential crime target has been identified, the viability of the target's existence must be assessed. Specific to an advanced-fee scam, the following questions must be addressed:

1. Has there been an increase in new business starts?
2. Has there been an increase in new construction or land development activity?
3. Has there been an increase in new industrial start-up or expansion activities?

4. Has there been an increase in loan denials or reductions in existent lines of credit?
5. Has there been a decrease in solicitation of loans by private individuals or lending institutions?

If the answers to these questions are generally "yes", the advanced-fee target should be considered viable with future information collection of the intelligence process being focused on the determination of the existence of concrete indicators of the crime. The mere existence of the ingredients does not justify the conclusion that the scam exists, even from an intelligence perspective. Key indicators might include:

1. Financial source actively soliciting loan business in spite of economic climate.
2. Financial source requires a finders or processing fee in advance to cover acquisition of the loan monies and the completion of the required paperwork.
3. Financial source is not headquartered in the United States.
4. Financial source's financial statement suggests tremendous assets, often of the type that are subjectively valuated or capable of excessive inflation (foreign or domestic landholdings, mining claims, other loans, horse stables, etc.)

SCENARIO CONTINUED

Intelligence personnel actively begin to collect information to determine if their jurisdiction is a viable target of an advanced-fee scam. In general, they found the following:

1. A review of the fictitious name reports over the past six months indicated a rate of filing 20% higher than that of a year ago.
2. Discussions with a state licensing authority indicates a similar trend for new business licenses issued.
3. The type of new business starts is varied.

4. Discussions with county building authorities indicates that both the rates of private and commercial building starts is 10% higher than last year.
5. From a review of the building permits you note three soft industrial firms that have been in the community for over twenty years have filed for approval to construct expanded facilities.
6. From a review of local loan solicitation activity, you find only one brokerage firm actively soliciting or considering loan applications. The others say there is a temporary shortage of money that should be reconciled within ninety days. Also, their institutions are actively attempting to renegotiate down existent lines of credit.

Based upon this input, you decide the general climate for an advanced-fee scam does exist. The next stage of information collection becomes more focused to determine the existence of actual indicators of the scam. A logical focus is the brokerage firm still making loans and when targeting the firm, you find the following:

1. The brokerage firm is headquartered locally. It was established in the community in 1941, and that shows that its board of directors and controlling parties are local citizens.
2. An inquiry to one of their advertisements indicates a willingness to acquire loans for a client up to \$250,000. But, because of the current economic climate, a processing fee of 5% of the loan amount must be paid by the applicant in advance. They explained this is not their normal practice but was required because of the difficulty and expense of acquiring adequate monies in the current financial market.

Based upon this information the intelligence process develops its initial inference (low certainty) that an advanced-fee scam is currently or will be currently perpetuated within

their jurisdiction. Subsequent information collection will be focused to confirm or deny this inference. Such collection activities might be initially directed to determine:

1. Current control and ownership of brokerage firm.
2. Amount and nature of firms assets or financial backing.
3. Current loan activity of firm
 - Nature of customers
 - Number of customers
4. Performance level or acceptability of firm.

When you focused on these information collection objectives, you found the following:

1. Through a check of state corporate filing records, no change in the brokerage firms board of directors or corporate control had been reported in the past fifteen years.
2. Through a review of past business sections of the newspaper, it was determined that the principal corporate officer had died nine months ago and the family in the last ninety days had sold his controlling interest in the firm to American Lender Associates.
3. American Lender Associates was found to be a foreign corporation headquartered in the Bahamas.
4. Surveillance of the brokerage firm revealed that over a three-week time frame, four developers who recently received land development clearance visited the firm twice per week, each of the three weeks. Other frequent visitors included corporate officials of two soft industrial firms currently in the process of expanding their scope of operation.
5. A check with east coast white-collar crime intelligence units indicates American Lender Associates is active in New Jersey and Florida. They are currently the target of the intelligence process in both states.

The intelligence process was stopped at this time for fear of alerting the brokerage firm to the surveillance. An intelligence package was prepared for the white-collar investigative/prosecutorial personnel to pursue for the purpose of identifying victims and the collection of evidentiary information. Principle elements of the package included:

1. Inference (including assessment of level of certainty) concerning existence of advanced-fee scam.
2. Link analysis chart describing the association of the various firms/individuals and their potential victims.
3. Recommended plan of action concerning information collection targets and the potential risk of exposure of the investigation before arrests could be made.

It must be reiterated that the intelligence effort did not directly result in an arrest. Its function stopped with the identification of a potential white-collar crime scheme, the presentation of an overview of the criminal process, and the development of a recommended plan of action. Investigators and prosecutors successfully pursued this information.

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Suggested Reading:

Handbook of Self-Evaluation Guidelines for Organized Crime Intelligence Units (California Department of Justice, Organized Crime and Criminal Intelligence Branch, Sacramento, CA, 1976.)

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