

Commission on
Peace Officers Standards and Training
Command College: Class One

Presents:

**THE FUTURE ROLE OF LOCAL POLICE
IN ECONOMIC CRIME**

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This Command College Independent Study Project is a FUTURES study of a particular emerging issue in law enforcement. Its purpose is NOT to predict the future, but rather to project a number of possible scenarios for strategic planning consideration.

Defining the future differs from analyzing the past because the future has not yet happened. In this project, useful alternatives have been formulated systematically so that the planner can respond to a range of possible future environments.

Managing the future means influencing the future--creating it, constraining it, adapting to it. A futures study points the way.

The views and conclusions expressed in this Command College project are those of the author and are not necessarily those of the Commission on Peace Officer Standards and Training (POST).

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EXECUTIVE SUMMARY

This research was conducted to study an area of police work in order to determine if local police will be more involved in this activity in the future - or less involved. The activity studied was economic (white collar) crime.

The overall examination showed that economic crime is a huge problem for society - up to a 300 billion dollar loss per year according to some experts.

Surveying a small, but representative sample of police departments, all allocated approximately 1% of their available manpower to combat economic crime. They are joined by up to approximately 1.2 million private police and security guards.

To help focus the study, three crimes were examined. Their future seems to be shaping in this direction:

Checks: Because of their expense, they are slowly phasing out. They will still be a big part of monetary exchange for the next five years, however. Local police should reduce involvement.

Credit Cards: Will continue to be a dominant form of money, though they too will be slowly phased out in favor of the debit card. Local police should increase involvement.

Computer Crime: Technological development will "slow down" over the next five years while the human side catches up. Society is still maturing in its consideration of computer larceny, etc., as real crimes. Number of criminal cases have stabilized, but their individual loss potential is higher and more dangerous. Local police should get more involved.

Overall recommendation of this study is to encourage policy makers to add the "standard and value" weight of their local police departments to the containment of economic crime. The future of economic crime and its curtailment will probably be more important to the strength of this country than even military defense. Local police need to find their niche in this effort which uses those strengths unique to them. Resources to combat economic crime should be enhanced, and, when possible, slowly increased.

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I learned a tremendous amount of information during this study. Obviously, it was dependent on the time and graciousness of many people.

I was very fortunate to have the services of three excellent advisors - Richard Blum, George Sipel, and Chief Jim Zurcher. Each brought different, intelligent, and well articulated thought to me. I appreciate their time, support and interest in the project.

The interviews I conducted were crucial to this study. It was gratifying to meet some field workers in this area. A partial list includes Alan Trosclair (Visa), Jerry Glickman (Crocker Bank), Chuck Finney and John Wilson (San Mateo County District Attorneys), Doug Southard (DATTA District Attorney), Capt. Robert Elliot (DATTA Manager), Katie D'Errico (San Leandro Police), Dick Coughlin (Oakland Police), Ken Yule (San Jose Police), and Donn Parker (SRI International).

Note and thanks go to Ezra Stotland and Herbert Edelhertz. Professor Stotland (University of Washington - Seattle) wrote the best article on the subject that I could locate. Mr. Edelhertz has written or edited some of the best literature on white collar crime. Their interview and writing were very enlightening.

The members of P.O.S.T., especially Norm Boehm, Ted Morton, Mike DiMicelli, and Doug Thomas have my gratitude for their effort in developing the Command College - by far the most useful police training course I have attended.

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Finally, I acknowledge the support given me by my Chief, Jerry McNamara. Since the school's inception he has shared the excitement of the class and the project. He accommodated the department's and his own needs to meet the need of this training - from giving me the time to work it, to reviewing the project over a holiday weekend.

To him and to all, I dedicate my efforts hoping that together we have furthered life's quest for and dealing with knowledge.

I. FORWARD

With the enthusiasm of a crusader, I dove into what to me seemed a mildly complicated research topic - what is the future role of local law enforcement in the investigation of economic crime, commonly known as white collar crime. Confirming the adage that "the world is not what it seems", I now feel somewhat like a Don Quixote - the world is full of dangers (real and imagined) and all I have to back up my charge is Sancho Panza.

This started innocently enough in January 1984. The first week long session of P.O.S.T.'s Command College Class focused the attention of 25 police executives on the future of the world, nation and the state. We were charged with looking into this future and glean its relationship to Law Enforcement. How will the movement toward a world economy, computer miniaturization, communications growth, U.S. immigration, economic depression, etc., affect law enforcement? Will speaking Spanish be as important for officers as English? Will we have the political/social support to maintain current discretionary police activities? What kind of traffic enforcement is necessary in cities with gridlock? Can we cope with future activities using zero growth budgets?

In futures forecasts, we are all as children - we know that everything is possible. We can fantasize and plan anything and everything from the world will remain the same, through the major earthquake that wrecks the Californian economy, and even the landing of Extra-terrestrials. Everything is fair game.

Applying these visions to even as "conservative" a profession as Law Enforcement produces intellectual bedlam. Law Enforcement planning for the invasion of the U. S. A. by immigrants is markedly different from management of an earthquake-torn city and economy.

With so much of this bedlam, my thought process said it was time to shut down. I needed to stick my head in the sand hoping that whoever kicks is kind. But the ideas, the possibilities were too exciting to do this. Even someone with a fear of heights cannot help being exhilarated by the view from an airplane at 10,000 ft. Thus, I ordered my mind into a strategic retreat.

What, said I, is the essence of police work? What is our special function? What is the traditional role so much a part of the profession that it could not be dramatically changed, altered or removed without a major restructuring or redefinition of the police profession? After a long defoliation period, I came to this - the legal power to stop, detain or arrest (including the use of violent force to accomplish this) with reasonable cause. This has been applied in many ways from making traffic stops to killing a fleeing burglar.

On this "essential" core, have grown many branches, leaves, moss, and even an occasional children's swing! Some of these preceded the core developments - checking street lights, doing business checks, guarding the kings. Most were added later because it was expedient, necessary, seemed related, the police wanted it, or to just fill in the time while on free time patrol. This includes vacation housechecks, doing stakeouts, enforcing traffic infractions, crime prevention activities, extensive training programs, etc.

Over the course of history, many activities have been curtailed or removed. Gone are vacation house checks, relighting or reporting street lights out, traffic control at street repair, and police officer dispatchers. On the way out are property damage accident reports, responding free to burglar alarms, responding to some medical and fire calls. Making at least a temporary resurgence is foot and horse patrols.

With this in mind, I received the charge by the Command College Staff to research a topic of future importance to Law Enforcement. The emphasis was futures research. After going through the above thought process, I decided not to key in on an area that seemed certain through the next 5-10 years. If California had a major earthquake, we know that police would play an important role in rebuilding communities. Also, Law Enforcement will always play a large part in street crime (burglary, robbery, etc.) investigation.

I chose an activity that has been with us for a long time and, because of its nature, could go either way in the future. Overnight, it may disappear from the Law Enforcement list of priorities - or it may become a major emphasis. That open future is my current view of economic crime in its relationship to local police.

The crime itself has been an object of study, ridicule, and Law Enforcement attention since it was first seriously addressed by Edwin H. Sutherland in 1939. Despite the enormity of the problem and the dollar loss involved, most local police departments seem to allocate no more than 1-2% of their department(1) sources in an almost public relations attempt to work it. To compound the problem technology has enabled every criminal to get access to all kinds of electronic goods from Swiss bank accounts to codes for missile silos - all from the comfort of home!!

My task is to examine this activity, study its trend, and make recommendations for the future response of local Law Enforcement. In an attempt to put reality into an illusive subject, I will key in on three specific crimes - fraudulent checks, credit card fraud, and computer crime. My hope that your review of this study will give the Chief Executive or policy maker some tools to develop his/her organization's response in the best community interest. Will the police get more active in economic crimes, remain the same, redirect existing resources, or beat a strategic retreat? All these possibilities exist for us now.

I. ECONOMIC CRIME OVERVIEW

This nation stands in disarray over economic crime. No one knows how big or small it is. It seems to creep into every aspect of society, yet is rarely found. It cannot even be defined without qualifiers that are so broad that everything but the kitchen sink may be included. Yet, since the mid-1960s it has been a major social concern - but little is done, even by the victims, to combat it.

The classification economic crime had its beginnings as white collar crime. In 1939, Edwin Sutherland introduced his concept as "...violations of law by persons in the upper socio-economic class..."(2) The focus was on people committing crimes through or with businesses. These were the "respectable" crimes of cheating and fraud, not murder, rape, robbery.

Over the years, criminals of all social-economic classes shared the title. Their victims included businesses and individuals. The definition was applied to these crimes, instead of the criminal. It seems that any crime that involved trickery, deceit, fraud, but did not cleanly match the traditional street crimes, acquired the name "White Collar Crime".

An excellent working definition of economic crime is provided by Herbert Edelhertz. It is:

"...an illegal act or series of illegal acts committed by nonphysical means and by concealment or guile, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage"(3)

Recently, the term has been changed by many scholars from white collar crime to economic crime. The focus is on the illegal acquisition of economic gain (usually money or services). This recognized that it can be committed by white collar or blue collar suspects. It also involves communication with other countries. As the world shrinks and the problems of nations overlap, this form of crime has taken on international proportions. The term of economic crime broadens the scope of the practitioners and investigators.

Agreeing on what to call it is a lot easier than determining what economic crime really is. First, here are some crimes it is not. Armed robbery, rape, assaults, riots, disturbances, child abuse and the like are definitely not economic crime. They may associate with economic crime but stand on their own.

Other "traditional crimes" can be so interwoven with economic crimes as to be difficult to clearly distinguish them. Theft, burglary, and malicious mischief are three examples of crimes that can blur definitions. Much of this perspective is in the eye of the beholder. Victims, witnesses, suspects, officers will all see them in a different light. Even murder can be an economic crime. The company that illegally dumps chemicals which could kill can qualify for murder though it is rarely thought of that way.

All economic crime can assume traditional criminal definitions. Counterfeiting money would not concern us except that someone will use it as real money. He thus "steals" a service or item. Setting up a phoney business is okay - until you use the business as a way to steal something of value or provide something useless. Both these examples are different ways of stealing.

Economic crime generally refers to these more complicated and non-physical assaultive methods of stealing - and violating those preventive statutes created to discourage theft, smuggling and illegal sales. Thus, it is illegal to both use counterfeit credit cards for gaining money and also to possess the counterfeit card. It is illegal for a bank to pass large sums of cash without reporting that passage to a regulatory agency. The latter is illegal only to prevent crime - not because it is of itself wrong.

Economic crime also depends on a victim who is not aware of the commission at the time of occurrence. The bank which is defrauded by a credit card scam typically takes 10-15 days to discover the crime. The victim of a hazardous waste dumping may not suffer loss of property or life for years. This lack of victim awareness makes economic crimes a most attractive method of committing large scale thefts. As an example, I have listed some of the many types of economic crime in Appendix "A".(4)

Economic crime shares many descriptors with narcotic offenses and other "victimless" crimes. (5). It is illusive, permeates into every social-economic class, and is often overlooked or accepted by friends and acquaintances of the suspects. Stealing small items from large companies is not considered "serious". Taking a souvenir from a hotel room or airplane is considered part of the price of admission (despite the warning signs). Some company supervisors will even overlook thefts so employees may supplement their incomes.

This permissiveness gets complicated by the victim's action. When a business owner or representative discovers a theft, he may take a variety of actions. The most common is internal action. The employee may be forced to stop future activities, pay the company back, get demoted, change jobs, or all of the above. In some cases, the most severe punishment is doled out - he is fired.

Rarely are the police called to take a case on employee theft. Ironically, the police investigates the customer who steals \$5.00 out the front door - but will be kept ignorant of the \$50.00 a night the store is losing out the back door.

Of course, the "victim" may be a career economic criminal. The owner of a restaurant or shop could be regularly hiding cash gained or blaming losses on employee theft to avoid taxes. This situation sets up an interesting scenario of not knowing who the real thief is - the stockman who stole a \$150.00 bicycle for his kid, or the owner who avoided paying \$3,000.00 of taxes by not reporting income.

To further complicate the matter are the statistics involved. First of all, there is no accurate reporting apparatus like the Uniform Crime Report. Second, the vast majority of economic crime is unreported and much is even undetected. Finally, business statistics can easily be manipulated to foster economic crime. One fact seems to be agreed upon by all involved - the loss is staggering! Observers write in numbers like \$80-300 billion dollars a year.

Into this arena to do combat steps an impressive array of crime fighters. They include the myriad Federal, State, County, and local regulatory or enforcement agencies. They number in the thousands. They all have different but overlapping jurisdictions. Their cause is assisted by a growing number of private police (over 1.2 million as of 1985) doing everything from manning guard shacks to conducting sting operations.

Despite their numbers, the prevailing feeling is that only the tip of the iceberg is detected, much less brought to justice.

Before closing this section, the concept of money needs exploration. Money in all its forms is the root of all economic crime. Money strictly defined is a standard of value. It can be anything of value. In the history of the world, money has been cattle, food, wood, machines, drums, liquor, tobacco, silk, even dead rats. A house can be bought for two cows as rationally as \$50,000.00 depending on the environment.

Eventually many developing nations standardized money in specially designed minerals, usually a precious metal like gold, silver, or copper. This made trading easier. One can shop with coins a lot easier than with five wagons of tobacco. Coins also enable one to send something that the buyer wants (and in turn get what you want) without going through a complicated trade. With coins one can shop for needed items without dragging along a warehouse of unwanted items gained through barter.

Of course coins got too cumbersome. Paper certificates, which stood for the precious metal or other standards stored somewhere became popular. These notes were often issued by a government or bank. They were supposed to represent the exact amount of metal in the vault. Often, banks were the collection points for the gold and silver.

In more modern times (possibly as early as the late 1800's in England), banks created checking accounts. Under this system, customers could issue money from credit accounts. This worked very well especially in large sums. Carrying around several thousand one dollar bills was still a burden. It also was probably hailed as a way of curbing crime. What could a highway robber do with worthless paper?

These checks were also handy to transfer funds from bank to bank, and country to country. Then the only metal that had to be actually transferred would be the periodic buildup of the difference.

This rather straightforward development was complicated by several issues that have taken the forefront in modern money dealings. The first is credit. The history of financial credit may be traced back to the bankers of Florence in the Fourteenth Century. They were the first bankers who not only guarded money, but used it to make more money. Naturally, they even had trouble with kings of other countries running off with their money.

In modern society, the credit card has joined the loan as two giants of sales credit. In these cases, money is given to someone on a promise to pay. With credit cards, a society of debtors is created who not only bought large items (such as homes, cars, etc.) on loan. They virtually bought everything on credit. Also, the credit was extended to anyone that looked capable on paper of paying the minimum monthly charge. It is also extended at the point of sales with no identification through a small plastic card that is easily stolen, counterfeited, or misused. In the rush to take advantage of the American public's thirst and ability to buy things or services, credit has become a dominant way of generating and paying debts.

A second modern phenomenon is electronic money. The paper note has given way to electronics. A keystroke by a bank employee 5,000 miles away will transfer millions of funds from one place to another. The computer has again fed our thirst for speedy delivery of funds enabling more credit and thus more purchasing power for consumers.

Lastly, some modern societies have extended money to ideas. Patents, copyrights and trade secrets are ideas that have become something of value. Years ago, if someone invented a spoon, anyone who saw it could copy it. Today, if a company discovers a new way of programming a computer that for example delivers faster responses, it can either sell the idea or keep it as the only company legally allowed to use it. Someone's idea (intellectual property), when put to practical value, is included in the standard of value.

All three of these primary financial concerns form at the core of today's economic crime. They play an important part of the criminal activity from the burglary suspect who forges stolen checks to the international swindler who transforms phony money into real money through offshore banks.

II. LOCAL POLICE ISSUES

Into this world of economic crime and monetary issues come an array of enforcement agencies, many of them with their own specific concerns, But as previously mentioned, almost all will overlap at some time or another. The primary issue of this study is the role of the local police in dealing with economic crime. For the purposes of this study local police is defined as that arm of the Criminal Justice System which reports to a local political jurisdiction. It provides, as its primary function, a field force to respond to emergencies and crime reports, or what has been defined as street or common crime.

The size of the local Police Department varies from two or three in number up to thirty thousand employees. The community that they deal with also varies from communities that are racially mixed to communities predominantly one race or another. Some communities have no commercial within their jurisdictions, other communities are purely commercial. But within the wide variety of sizes and communities served the basic underlying function is to provide first responders to street crime seven days a week, twenty four hours per day and report to a local jurisdiction (generally a City police).

Most of these jurisdictions will devote a small percent of their manpower resources to working economic crime.(6) The amount of time devoted is generally not as a response to the amount of crime in their particular jurisdiction nor is it as regard to the losses incurred. It is often a decision that is made to be responsive to the community requests or insistence.

The local police present an interesting array of positive and negative forces in the containment of economic crime. On the positive side the local police can first and foremost be counted on to have someone on duty any time of the day, any day of the week that will respond to handle criminal or quasi-criminal events. This is a very crucial ability and one that is not shared by many of the agencies that are involved in containing economic crime. Furthermore, in most jurisdictions, an officer can get anywhere within his community between three and ten minutes.

Another positive aspect of local police is that they often have the best knowledge available of local street suspects. As their organization is concentrated toward the beat patrol person, they would be the most likely organization to routinely contact suspects that are mobile in their town, especially if they are also involved in common crimes. Obviously suspects will work late, they are not bound by the 8 to 5 work hours as most of us are. They also get into traffic accidents. They commit traffic infractions that incur citations. Local police may be called to their residence to contact them under circumstances where they have gotten sick or depressed, have become assaultive, etc. It is not uncommon for the local police to notice something that eventually turns out to be major economic crime. An example is with a patrolman in New Jersey who noticed some illegal dumping going on on the midnight shift. This eventually led to a wide area of containment and several indictments issued for Federal offenses.

Local police officers, in addition to their regular contacts with suspects, have frequent contacts with the victims of crime. In these cases of businessmen or customers who have been ripped off, they may be very likely to show up at their local police department to lodge a complaint. They may just discuss the options that would be available to them in handling economic crime. Because the local police are seen as the community's response to crime in general, they are often called upon to be a resource. Further, some of the types of victims that regularly look to local police as the only law enforcement body would be the elderly, the poor, and juveniles. All of these are the focus of much interaction, positive and negative, with the police. Much of the Police Department's crime prevention and educational effort are focused on those three groups. As a result, the local police may be counted on to have a high degree of credibility for those groups.

Education and crime prevention have become, over the last fifteen years, a very high priority of Police Departments. Where that differs from most other agencies is that the Police Department regularly educates at the grass roots level. A Police Department provides strong liaison with elementary schools, high schools, neighborhood meetings and small local civic organizations. No group within its community is generally considered so small that a representative of the Police Department would not attempt to present some crime prevention material. Because of their size and the broad prioritization that occurs in other organizations, they often do not get down to this grassroots level. Whereas for local police, especially for medium and small size Police Departments which make up most of the local police in the United States, this has become a routine and important activity.

In line with that responsiveness to the local community, the police department will often work cases that are considered too small or low on the priority for larger agencies. In the area of economic crime, for example, the local police are the only law enforcement agency that investigate checks valued under \$500.00. Most of these crimes are committed against "Mom and Pop" type of businesses. The victim is well known to the police. Because of the familiar and communal relationship exists, these cases are not automatically rejected (although the movement has generally been for higher standards and/or limits to limit the number of these cases). The Police Department is seen as an organization that is responsive to the "little guy" and this, in turn, should encourage the community members to be responsive to the police.

This sensitivity by local police, is probably one of the reasons why in the surveys done on the different layers of the criminal justice system the police always have very favorable and high marks. There is a sense by the community that the police are responsive to their needs. The police priority most often matches the local community's priorities, and they are one of the most "can do" organizations. Their reputation is that of one who is working in the community instead of being in some distant office. Every time a marked patrol car drives by a business or residence it further confirms to the citizenry that the police are in the field doing something about their crime problem.

On the negative side, there are forces that work against the local police, especially in relationship to economic crime. One of the first are the numerous duties that local police perform. They regularly escort people. They contain riots. They take numerous reports on street crime, as well as informational reports for community interests. They respond to medical calls,

medical emergencies. They handle accidents, do traffic enforcement, and a myriad of things that occupy a large percentage of their time. This forces the organization into field ("get out there and do it") mode. This is not a sit back intellectual investigative mode. Its personnel are action orientated and constantly distracted.

A problem too is that every police officer often shares some of the ambivalent attitude that the public at large has about economic crime. He/she often feels that when involved in this the officer is merely being used by a corporation as a collection agency. The officer is not going to protect society but rather protect one individual corporation's profit statement for that year. Any attempt to get involved in economic crime is often met with indifference or "it's a civil problem". He/she is perfectly willing to step out of the picture as soon as possible.

The training and atmosphere of a Police Department may foster this atmosphere which rejects economic crime. The primary focus of police departments are on street criminals. There are wanted posters that are regularly put up for people committing robberies and rapes, but very few wanted posters for companies or individuals that might be engaging in illegal practices. As a profession when there is free time patrol, Chiefs do not assign patrol officers to go to companies and rummage through files looking for possible economic crimes. Rather departments send them out in the car, they are told not to get out of their car while they are driving around, assuring the community that they are looking for possible law violators. Economic crime is generally something not talked about, not trained in, and shown very little concern, except as a response to some community pressure.

Part of this is understandable in view of the previous section. Society has generally ignored economic crime as not being a "real" crime. It is further understandable inasmuch as police departments generally deal with the criminal justice system. So many wrongdoings of the economic crime world become civil or administrative in nature. Both of these latter systems present a set of factors and procedures that are foreign to the training, background, and experience of a police officer.

Police Departments are also budget driven. The amount of money available tends to determine the amount of work to be done. Because of its local political status, police departments are very responsive to what the local politics and community deem most important. Street crime is still a political issue in our nation. It is still the basis for police budget justifications. When there is a rash of burglaries or rapes everyone looks to the police expecting them to solve the problem. When there is a rush of economic crime factors, very few people will look at the police but rather will generally look out into a void hoping someone solves the problem.

Another aspect to police departments that present some minuses to their effort in any area is the fact that there are few uniform policies and procedures from department to department. In many countries the police department is a national organization. Coordination, at least at the policy level, is streamlined.

Here in the United States variety is the rule. In economic crime, one department will give it a very high priority, perhaps committing two percent of their manpower to it. Another department, not uncommon to be a neighbor, will have economic crime as a very low priority. The resources it commits

are small. They are often reassigned when resources are needed in other areas. This makes organized efforts or any additional changes outside of the area of street crime in police policies very difficult. It further fragments gathering of intelligence information despite the growth of technology in communications. Police officers still lag behind in the sharing of information.

Often because of this fragmentation and the independent nature of the beat officer work. What gets done depends on officer interest rather than department or national priorities. Some departments visited had excellent economic crime investigators. But they were dependent on the personnel that were assigned. As soon as new personnel came in who were not as interested in economic crime, the number of cases went down dramatically. They get involved in other more "important" areas. As a general rule it is clear that Chief Executives in police departments have not made a coordinated and firm decision on economic crime investigation. For now it is left up to individual interest and talent. When that interest and talent is not present, serious economic crime investigation is also not there.

Some police issues, unlike the above that tend to be positive or negative, could be either a plus or a minus in the area of economic crime. First example of this is the generalist concept. In most police departments, specialization is a rarity. Generalization in training, in background, and in assignment is common. This is a plus inasmuch as the police officer working economic crime is able to bring a multitude of talents that relate to arresting people, questioning, interviewing, search and seizure procedure, and evidence gathering. However, it can also be a negative when areas of economic crime demand a specific talent, interest and ability. Those officers who may possibly be great economic crime investigators may be tied down doing years of work in positions where they are less suited or interested.

This generalist concept often goes hand in hand with rotation policies. Local police departments generally favor rotation over specialization. Even if officers are talented in a particular position, after three to five years, they are rotated out. This concept is well entrenched to provide variety of work experiences for the officer and meet department needs.

The concept of rotation also applies to career paths. Most departments promote from within. For an employee to move up in the organization, he or she applies for promotion. This will then necessitate switching jobs. They may go from positions where they are extremely competent, for example in the area of economic crime, to a position where they will be less effective for the good of the community, for example, midnight patrol commander. Such rotation policy again works for the benefit of the department in many ways but it also works to the detriment of the department when talented and trained personnel do jobs not requiring such change.

III. ECONOMIC CRIME AND THE FUTURE

Predicting the future of society can be tricky business. Recently it has also become profitable businesses. There are organizations whose sole purpose is to present visions of the future. Science fiction and its future projections have become popular again in literature and the movies. Although most predictions must be viewed with a wary eye, there seems to be some trends that will shape our future. It will have an impact on law enforcement and its treatment of economic crime.

One favorite world perspective continues to be the view presented by Alvin Toffler in his book "Future Shock".(7) He sees a future that will continue to accelerate with technological and social advancement. He anticipates our society turning away from being technologically driven. But because of its acceleration, although there may be peaks and valleys in this, the future world is full of people that are in a rapidly changing and volatile state. The development of "Ad-Hocracy", diverse life styles, fractured families, overchoice, kinetic visions, modular, nomadic people, and the throwaway society signal changes.

This will continue to be true for the business environment. Many businesses are in a very volatile economy. It moves so fast that they must keep up or lose. Security that does not keep pace and contribute to profits will be cut.

Things are no longer permanent. One no longer can get a job with General Motors and say, "I will retire from this job in forty years". Rather, even in the most secure of environments, there is always the knowledge that this may change. There are constant changes being forced on one's involvement either for the particular field of business or the changes for society in general.

This volatile society and economic climate will have a major impact on economic crime. In a sense this movement is as John Naisbit would put it: "like riding a wild horse".(8) As he correctly surmises, it is often better to ride a wild horse in the direction that it is going rather than trying to stop it, turn it or even to jump off of it. Businesses, being as volatile as they are, will be especially vulnerable in the future to crime. It will continually invent new ways of making money. This will then in turn force the criminal element to commit crimes in any number of new ways. A good example is the current deregulated and now volatile airline industry. One of their recent ways to make money is by offering free tickets for customers who put in large amounts of mileage. This has spawned people who have been ringing up phony mileage tickets and who have been selling phoney mileage tickets to unsuspecting victims. It has enabled people to falsify their names on their travel tickets so as to funnel all the mileage into one particular name. Then the free tickets are to be shared by a group of people. The FBI has gotten involved in investigating some crimes that have been committed through the use of fraudulent checks and credit cards. A new economic need created a whole string of economic crimes, but the same agencies to handle the crimes.

In his book "Megatrends" John Naisbitt writes about several trends.(9) He presents views of the future that may have a great impact on society and economic crime. The first of the scenarios is the movement from an industrial to an information society. America is moving away from being a nation that builds cars, to being a nation that designs cars, that researches the market place for cars, that researches the future of transportation.

If this scenario is developed as projected, then this nation's economic "gold" becomes the information it knows and not the things it produces. Law Enforcement is thrust into the business of protecting the theft of information rather than merely protecting the theft of goods. An example of this is the movement into development of trade secrets and its expanding application.

Another trend that Naisbitt develops is a movement from a national economy to a world economy. It certainly does not take a whole lot of creativity to realize that the way the world has been developing there should be a world government (thus a legitimate world economy) within the next 500 years. In the last 35 years there has been a very strong movement toward a dependency by different countries for each others' economic survival. In relating this to economic crime it becomes clear that many decisions made by one country will affect another, including law enforcement decisions. We currently have many countries who have different law enforcement standards. The result has been crimes being committed by individuals who then used these countries to protect their illegal investments. Law enforcement efforts that will be concerned with economic crime will have to be open to an international role.

Naisbitt also touches on the danger of a "Technofix mentality". (10) The United States is a technology driven and aware society. Americans believe that technology is going to solve all our problems - a cure is just around the corner. This attitude has grown stronger with the advent of computers. Their abilities have assumed mystical proportions. They control large and important segments of life.

As economic crime is often committed through the abuse of technology, this mentality has its effects. The police may feel that businesses can and should solve their own problems by purchasing new technological enhancements. "Why use police resources for victims who can cut their own losses?" Similar attitudes do not seem to exist toward the burglary victim who leaves his door open. Police resources are still utilized without question. As a matter of fact, we added crime prevention personnel to encourage citizens to use their existing technology (lock the door) or to purchase new technology (a deadbolt lock).

An interesting and basic point is made by Naisbitt in his chapter on movement from short term to long term thinking and planning. He touches on the motivation of this paper. His question for the 1980's is "What business are you really in?" (11) He describes the obsolescence in railroads. They failed to see that they were in the transportation business first, railroading second.

Law Enforcement must ask itself the same question. What is the real business of Law Enforcement? There may be a question whether or not it is catching criminals. Although this is what officers do (accordingly amplified to popular media), are there larger perspectives that better define the police role? Controlling fear or establishing community values could better describe police department reason for existence. This question is a central point which most officers, Chief Executives, City Managers, and Councils have not described fully. It will have a major bearing on whether or not to expand in areas such as economic crime. Its definition would also put the profession on firmer footing as it influences the development of society.

This question is a central point which most officers, Chief Executives, City Managers, and Councils have not described fully. It will have a major bearing on whether or not to expand in areas such as economic crime.

In the trends from centralization to decentralization and institutional help to self-help (12), the role of local police may be magnified. Americans, enamored by the centralization of this century, are moving toward tackling its own problems in their own place. From nuclear free zones; mandatory drug testing, discrimination against AIDS victims, to bilingual standards, local government has been willing to solve its own problems in its own way - despite the national implications.

In economic crime, local citizens may also take up this movement. The facts of a world economy, multi-national corporations, federal banks, nationwide scams will not deter your citizen's call for action. Problems, society is now learning, can be impacted at the local level especially when there is confusion or a vacuum at the larger level.

What role governments (and police, specifically) will play can still be questioned. In some instances, the police response will be traditional - the provider. In many of the new areas such as economic crime, the police may be the facilitator, liaison, or broker. The police would bring together and coordinate the forces bringing pressure on the economic criminal.

Another and critical future development in the role of local law enforcement in economic crime will be the people and political bodies. Here in California it is projected that there will be 30 million new people by the year 2000. Some counties will have dramatic growth, such as Riverside and San Bernardino who are both projected to grow by 70% during that time span. San Diego County will have a million more people. This growth will be fueled not only by the birth rate, but by immigration from the Pacific rim, especially Mexico. The California white population that is now around 64% will decline to 47% in the year 2010. Hispanics will have the most dramatic rise, going from 22% at the present to 32% by the year 2010. Asians will have a rise to 13%, a doubling in its present 7%. Blacks will be remaining the same at about 7% through the next 25 years.(13)

With this change in the California's complexion will come some change in values. Something that must be monitored is the values that are being brought to this country by immigrants. It is assumed that they will not carte blanche give up their own values but rather they will transfer and perhaps modify what they consider important values to meet the needs in their new setting. America will become a land of opportunity for both legitimate and criminal conduct. On the criminal side bribing government officials, a way of life in some third world countries, may make some inroads in this country unless there is a strong movement to prevent it. In Santa Monica, the courts have discussed even something as obvious as murder as cultures came together. An oriental woman as part of her suicide attempt was charged with the murder of her children. This immigrant who did what is tolerated in Japan (certainly not treated as murder) was committing a hideous crime in America. If something as simple and obvious as murder can undergo a cultural redefinition, then certainly a whole wide range of economic behavior/values will undergo change.

Some immigrants have already taken advantage of the holes in our present security for criminal purposes. In the Bay Area, two particular schemes gained some press. A group of students from Nigeria formed a conspiracy to commit credit card fraud. Having immigrated here as students and being relatively bright, they were quick to see the advantages that could be taken of the credit system, whose human controls have not caught up to its technology. In an economy that encourages rapid application for credit cards, little concern is made for providing proper security. Taking advantage of this, they were able to abscond with thousands of dollars before anyone even knew that the crimes were occurring. A scheme was being conducted between Filipino immigrants in San Francisco and the Philippines for the fraudulent cashing of Government checks. Here we have again immigrants coming to this country to illegally reach the American dream.

In addition to the importation of criminal behavior, here are some other items that are sure bets in the area of economic crime in the near future (5 to 10 years). These include the widespread use of home terminals for everything from doing banking to entertainment, to newspapers, and magazine reading. We will also see a largely paperless economy. The funds transfer will be increasingly done through electrical impulse rather than the mailing of papers. Most see the development of money cards and debit cards, a rapid buildup of personal communication, and its ensuing problems of defining privacy in a free society (privacy from both the private industry and government). We will also see the continual rise of private security although not as dramatically as in the last ten years. In 1975 there were approximately 500,000 private security personnel, in 1985 it is 1.2 million private security agents of all kinds.(14)

One would be hard pressed to see any change in one of the basics of our economy. Barring the revolution, we will always be a profit driven economy. The bottom line will always be "what's the buck to be made"? The losses, be it criminal, accidental, or by competition will always be defined as regard to profits. When losses cut dramatically into profit they will be controlled. When losses do not, the economy and its various parts will be very volatile, ever seeking the profits.

In the non-profit sector of society, primarily government, losses will continue to be covered. It will take form as additional tax, fee, or fine. Or it will be made up as a loss of service, temporary or permanent.

And finally, in regard to police work in general, there seems to be a consensus from several authors on future research that the public will continue to have great concern with crime. Whether it is real or not, whether statistics rise or fall, the public will always have, as a major concern, crime, and primarily street crime.

Into this arena will also come economic crime. The defense of our country has traditionally been resting on the military branches of service. It is becoming increasingly clear in a world whose boundaries seem to be relatively stable, and in a world whose military might has now become so devastating that no one wants to use it to solve problems, the defense and strength of a country is being defined differently. It is not so much in the number of airplanes and soldiers, but rather in the strength of its economy. Nations are becoming more concerned with a society falling from the inside than being attacked by its enemies on the outside.

With this kind of an overview it is important to realize that the economics of the country, the health of banking systems, the integrity of the movement of money and the supply of money have become very crucial. Perhaps because of this society is coming to a realization of the impact of economic crime on all factors of society. It affects not only the strength of the individual business or an individual corporation, it affects the strength and the vulnerability of everyone in society. The money system, in particular, has become so fragile with the advancements in society that when you have a national economy becoming a world economy, and the relatively rapid movement of human beings and their values from country to country, the lifeblood of the country (its monetary system and all its implications) become extremely important.

What the local police will have to do over the next five to ten years is cope with this huge growing problem. It must make decisions of whether it is going to participate in the protection now not only of an individual business but rather in the integrity of the society. Whether it will continue to play an almost non-existent role in this effort, without a doubt someone, something, somewhere may step in to make the necessary kinds of adjustments for this protection. The question the police will have to deal with is: "What will they do as either a leader or follower in this movement?"

For the next couple of sections this paper will examine some specific economic crimes that the police have been involved in (or are being thrust into) in order to see if one can get a sense of what is happening in that segment of society's life. What kinds of decisions we can be made to either increase our effectiveness or to beat a strategic retreat again. First, a look at the blossoming area of credit cards and checks, and then at the area of computer crime.

IV. CHECKS AND CREDIT CARDS

A. Checks

Through much of its history Police Departments have worked fraudulent checks. Today there is hardly a police department in the United States that does not. Checks constitute a large part of the monetary movement of our dollars. The U. S. reportedly writes about 209 million checks a day.⁽¹⁵⁾ With this volume comes a large workload that could be forced upon local police. Fortunately or unfortunately, most police departments limit the amount of checks they work. They do this in a variety of ways, generally by having minimum reporting standards, (a dollar figure), not accepting checks that were postdated or predated, require that they be brought to the police department within thirty days and prosecution be attempted in some cases. The variety of crimes they get involved with checks include non-sufficient funds, forgery, stolen checks, altered checks and counterfeit checks.

For some police departments their 1% allocation to economic crime can be brought down to this: they work check cases for merchants. Investigators may carry between 30 and 300 checks at one time, and the workload will vary on the kinds of outside activities that occur. When there are other areas to be worked, the check person will often be reassigned to fulfill these duties which can include field patrol, working in property rooms, court liaison, etc.

The number of cases worked are also affected by the amount of cases. Should an investigator get involved of a major crime spree involving one business and their checks, then all of the other checks will be put off. Some may never be investigated. In most cases, agencies send out notices much like a collection agency hoping to have the checkwriter respond with the payment. On the other hand most victims are happy just to get the money. If at any point along the way they receive the money, they will generally decline to prosecute. This is in line with the typical police department and District Attorney standards. If anywhere along the way the case can be adjudicated to the satisfaction of the victim, i.e., restitution, they will stop criminal proceedings.

Checks have been part of the volatile economy. Banks, in an effort to compete with other banks, offer free checking. Some banks have gone so far as to encourage very rapid application. They promise that they will make their credit decision within 24 hours. They will also put \$100.00 in your account for you to use and send you a book of 200 checks.

With the low priority and prosecution by Law Enforcement, the great number of checks that are being passed, and the questionable actions taken for economic survival by the banks, this area is fruitful for crime. Indeed, it has been more than one person who has taken advantage of this, written 200 bogus checks and left their account.

The Future

The future of checks gets widespread agreement that there will be a lot less of them around. The cost ranges between 20 and 25 cents per check. This is a lot of money when one considers that there is probably over 32 billion checks processed per year. The decline will continue through the next five to ten years. Some experts feel that sometime in the 1990s or early 21st century they will probably disappear altogether.

The movement in getting rid of checks has been already instituted by some stores that now have money machines. They may be shortly requesting their customers not to write checks but rather to go to the money machine to withdraw cash to pay for purchases.

Here already one can see that the police administrator should be cautious in the use of resources. He can expect that this will be a void to be filled in the coming years. Perhaps there are decisions that can be made today that will not only encourage that change to occur but enable them to use those resources better in other areas.

B. Credit Cards

Checks have vied with credit cards over the last 25 years for their volume of the movement of money. In the last four years credit card sales have doubled, going from 150 billion in 1980 to over 300 billion in 1984. Needless to say, credit card fraud losses are up dramatically from about 180 million in 1980 to over 700 million in 1984.(16) The losses come from many areas, including from deadbeats, fraud, counterfeiters, and the use of stolen credit cards. Recently organized crime, especially on the eastern coast and southwestern United States, have got very involved in the counterfeit of credit cards. This may account for up to 40 million dollars last year. These cards which can either be stolen in robberies or can merely be altered from an existing card, present a concept of money that the profession is slowly starting to catch up with.

Again, part of the problem is the actions taken by the agency victims involved. Credit cards are a highly competitive market right now. They are distributed to people who look good on paper. However, with a little bit of creativity on an application, anyone can look good. By the time a legitimate credit check is done on someone to verify their existence and the accuracy of their application, banks could be into thousands of dollars of losses. Suspects are using the card that was mailed to them before the trail is closed.

A growing problem is not only the individual suspect who uses a card to make purchases, but also the merchant. Someone who has a counterfeit credit card can get together with a merchant who has a machine to run the card. They report numerous fraudulent purchases. The merchant takes the money to the bank and receives credit the very next day. It takes seven to ten days for the credit card company to notify the bank that the card is worthless. In the meantime the merchant and the cardholder have split their gain. The money is nowhere to be found.

Also, the current use of telemarketing has encouraged criminal activities. Suspects can easily either make purchases or gain legitimate credit card numbers from those calling. They then make illegitimate purchases. They can falsify the credit sheets available to them as a merchant and present them for payment to the bank.

Banks have slowly begun to take some action. But in the meantime thousands of dollars are lost each day.

The Future

Looking to the future of credit cards, the prevailing view is that credit cards will continue to become the dominant form of monetary exchange in the near future. However, some experts seem to feel that they will become less and less popular. Credit cards are expensive to run and the industry itself is anxious to move away from credit cards to a debit card. The debit card enables a customer to make a purchase and the money is removed from their checking account to the store's credit account. The debit card obviously is not something that is very popular with customers as they lose the "float" that is normally afforded them.

With the credit card itself, there are movements by major companies to incorporate some of the most recent designs. The French or Japanese chip card has a small microchip which is inserted in the card. This provides information for both the retail operator and the bank on the status of the account and the proper use of the card. This technology will require new readers at the merchant level. The changeover would be expensive.

Visa International plans to experiment with their own card in about a year. This card will have the capability within itself to provide a password identification for the user of the card at the retail point of sale. It will enable the customer to tell the card what account to make the purchase out of, whether a savings account or a checking account. This technology is compatible with the current magnetic strip readers. Thus, it is cheaper than the above.

Here is a technology that is developed. With a fair technological push the companies involved could cut their losses dramatically. Unfortunately, just coming up with a new idea can, as in the case of the French and Japanese chip card, be easy but expensive. In the case of the Visa card, it is relatively easy to do, but still several years away from general implementation.

The future role of police in credit cards, debit cards, ATM cards, seems to be changing quite dramatically. The primary change is in the enforcement lead agency. Previously credit card cases were investigated by local police or the FBI, and, in most cases, also by the individual victim companies. As of this year the Secret Service has received the presidential directive to take over the investigation of credit card thefts. They have worked out a memorandum of understanding with the FBI. The FBI will work cases of international and terrorist consequence or those cases affecting national security.

The Secret Service will be taking over all the other cases. Indications from the banks involved is that the Secret Services have become very active. Because they are a large organization, they will still have to prioritize their cases and work primarily the major cases. It will also take a back seat to executive protection. However, this change will enable better coordination between units in these investigations. When local police departments receive calls for assistance from the Secret Service they are more likely to respond than they are receiving calls from a bank.

The inclusion of both the Secret Service and the FBI is also welcome from the point of view that the credit card fraud seems to be a favorite of immigrant criminals. Because of its easy mark, quick money, and relatively less hazardous method of committing crime, it has become a popular way to siphon off money for themselves. These Federal agencies with their international perspective will be able to better control some of those kinds of activities.

Finally, it is also interesting to know that the Secret Service is taking on credit cards as if it considers this movement to be another form of money. In fact, it has apparently been done to fill a void with the decrease in their executive protection program. They have been looking for areas to expand in. This is apparently the area that they have chosen. (Seems like someone did strategic planning!) It is an excellent area for them as the future of our society seems to show that credit cards, debit cards, ATM cards, intelligence cards, whatever they may be called, are going to be the prevailing way of monetary exchange. Cash may soon be losing its dominant place in society within the next couple of generations.

With this increased activity, however, banks have been notoriously sensitive about dealing with their losses. They are very willing to write it off rather than make it public. The present scenario may continue as there is little motive to change. Consumers will continue to provide cheap (free) insurance for banks and credit card companies to absorb the loss. As long as they are able to pass the loss on to the consumer there will in effect be no loss to the bank and little motive to change.

V. COMPUTER CRIME

Computers are a relatively new technology. Thus its criminal applications and potential have not shown itself to be very clear. One estimate from Don Parker of SRI International in Menlo Park says that there have only been about 1,700 prosecuted cases of computer crime worldwide since 1958. It peaked in the late '70s and now seems to be running, he claims, about 80 to 90 cases per year. This is not exactly a crime wave.

What exactly is this computer crime? Consider the different kinds of computer crime. First the theft of computer hardware, including the essential components to computers. Second the theft of the information that is stored on the computer; third the altering of the information either at the entry point or at some point in the programming system; fourth is the tampering with the software to either cause economic loss to the victim or malicious mischief.(17) And fifth the theft of trade secrets involving computers. All of the above have been bandied about and referred to in various settings as "computer crime".

In many ways computer crime is just a new version of theft, of malicious mischief. What has changed has been the instrument that is used. What is also changed is the way an individual who commits a crime through this instrument can affect society.

With the computer explosion that started in the late 50's and continued through the 1960's and 1970's computers have come to control so much of society's life. They control air traffic safety both on the ground and in the air. They control the design of the aircraft, the training of pilots, They control our water supply, electricity, rails and other types of transport. They store the arrest information that is available to police officers. The warrants that they serve are often computerized. They have a large role to play in the defense of the country, and if tampered with can destroy the world. They control even something as sacrosanct as our voting. The counting of votes is done through the use of computers. Tampering with that system could destroy the very fabric of our political system. In addition to the above, they obviously control a large part of what this paper has been dealing with in previous section - the economics of our country. They have invaded every facet of the economic system to the point that almost no one or any transaction can get away from a computer.

This computer has for perhaps the first time in our history enabled an individual to commit the world's greatest crimes. Superman comics often deal with the kind of criminals such as Lex Luthor who has at his fingertips the power to destroy large segments of society unless political systems are brought down or tremendous amounts of money are shifted his way. For the first time someone or a small group of individuals could bring society to its knees through the computer tampering. Certainly it seems reasonable that if KGB was intent on destroying the military and economic capability of the United States, the last thing used would be a nuclear bomb. Why do that when over the years through skillful manipulation of software programs they could, at a given moment, bring the country literally to its knees. Imagine a country where railroads, aircraft, water, electricity, military defense

were all suddenly frozen. The implications are tremendous. And now the computer has been made available to every citizen. Their potential for misuse either intentionally or unintentionally has given great concern.

This concern has certainly been shared by the Federal government which has directed the Department of Defense to insure that the computer systems controlling our banks are secure. The Federal government has recognized the potential for internal disruption of the country should the banking industries' computers be improperly used.

The interesting aspect of this, of course, is that computer security in all of the facets mentioned above are very difficult. For all the experts know, there may be thousands of logic bombs(18) that have been planted in crucial computers all over the United States. Or there may be none. It is very difficult to provide security in programs that may have thousands, hundreds of thousands, and perhaps millions of programming instructions.

Computer crime presents a lot of different and interesting perspectives. First of all the computer has, for many who have not been brought up with it, been something of a mystery. There has been an aura that surrounds computers with regard to their accuracy, their seemingly magical qualities, and their incredibly complex programming systems. This may be one of the reasons many police departments have taken the attitude that they do not want to get involved in the investigation of these crimes.

Secondly, the computer, much like the telephone, has become an international communication tool. It transcends the boundaries of the local jurisdiction, the county, the State, and the nation, to be a driving force for international communication - an exchange tool. In view of this, any local police department would feel that they are out of their element.

The occupation of suspects in computer crime are also different than what is often dealt with in street crimes. Even in the case of credit card investigations, we run into many of the very same types of people who are your streetwise common criminal who has gotten into credit cards or checks as just another way of making money. In computer crime you are generally dealing with bright, educated people who are the type that can make it here or perhaps anywhere. They are programmers, and computer managers who have very good jobs. They are a different quality of suspect and society's view toward them is different.

Occasionally juvenile hackers also join the ranks of suspects. Most of these hackers incur sometimes dramatic loss. But they really account for very little of the actual hazard in computer crimes. As a matter of fact, most people feel that with the technology security advancing as rapidly as it has recently, juvenile hacking will be something that really will not be a major concern.

In computer crimes the word volatile also comes to the front. First of all in the area of assets, changes in electronic data can be made very quickly and unnoticeably. They can be done at a place and at a time that makes detection almost impossible. Programs have been written where money that has been transferred are done at times when certain key people who would notice the transfer were not available.

Computer crime is also volatile in the marketplace. America is the leading technologist in the world of computers. Because of this the computer industry has become a target of international crime. At times it seems the whole world has converged on key areas of California to steal its secrets. Looking at a national economy that is dependent on the export potential both in the information, software and hardware of the computer, one can say that they are in essence stealing from Fort Knox when other countries steal our computer technology.

The Future

Taking current advances into consideration one can theorize that in the future computers will probably be more powerful and smaller, more available to the general public. The market which has currently stabilized is envisioned to continually rise over the next ten to twenty years. International competition will become increasingly fiercer. There will be much political call, especially at the Federal and somewhat at the State level, for computer crime prevention.

Computers will continue to invade every quarter of society especially monetary transactions. What was previously discussed above in theory of checks, credit cards and debit cards, will be even more in computers. The crimes committed against that system will often be computer crimes rather than credit card or debit fraud.

Perhaps the single most important issue in computer crime for the next five years will be the development of human beings to catch up to what computers have brought. Some experts feel that now is the time of entrenchment in the technological area. Changes by the human side to become more aware of computers and how they can or should be used will dramatically increase. Part of this will be the defining by society and what is and what is not a crime with computers. Much of the crime wave, if you'd like to refer to it, that we suffered in the '70s was in effect human beings and society testing out the system. Stealing through the use of a computer and sophisticated computer programming was felt by many to perhaps not be criminal. Hacking away at military installations to get into their very sensitive computers was seen as more fun than it was criminal.

An important part of the future of computer crime in the next five years will be for society to define when such actions are criminal and how society will respond to it.

There are several issues that local police departments must face with regard to computers. First and foremost is that local police with all of the positives and some of the negative qualities described above will have to take a serious look at whether or not this particular kind of economic crime will be part of their routine labors. This decision to get involved or stay out is not a clear one.

With the police leading the way in providing the value clarification for society, they will inevitably be called upon to resolve this issue. Already local police departments have gotten involved in computer crime. These have been Mom and Pop organizations who have needed help. The local police, although they have not been sometimes particularly enthused or prepared for it, have assisted.

Police Departments may have to play an important role in society's development of ethics and security. A statement for or against involvement will be a powerful indicator to the status of community standard of values.

A second area that local police chiefs must become very concerned with in the future is the security of their own systems. The power to arrest is an important impingement on our society's concept of freedom and liberty. They must be very careful that the information which is very computer-dependent, is accurate and timely. Also, the systems must be protected from unauthorized entry.

Many police departments have become or are becoming computerized. It would not be improper to say that within the next five to ten years many departments will be running paperless departments where all information is on a computer. The police department, like any other organization, has to step back from the volatile and accelerating technological market and realize that the human side has to be dealt with - the ethics, values and security of its own employees must be shaped for the betterment of the department and the lessening of computer crime.

In both the above instances assisting society in investigating computer crime and having a computer crime problem within police organizations, departments will continue to play a major role in at least being the first responders to such problems.

The concern of Police Chiefs then will be to prepare their department in handling this new crime. What kind of training, especially, is necessary? Most experts seem to agree that very little training is necessary for the competent police officer to handle a computer crime. Of course it would be advantageous if the officer involved was familiar with the computer terms and computer operations. The reality is that any crime that goes to court will have to be presented to a 12-man and woman jury most of whom will have very little or no knowledge of how computers work. Thus, the confident officer who is familiar with interviewing and questioning techniques, the preservation of evidence, the rules of search and seizure, already provide the major base of experience necessary for a legitimate police investigation. The victim can make this same presentation in non-technical language to the officer that will be done in court.

If local police get involved in working computer crimes several things should occur. First of all they will have to at some point use experts and should now start preparing for a list of subjects who could be of general assistance. Secondly the willingness of local police to investigate computer crime will send a clear signal to potential suspects that this is indeed a crime. This fact should be publicized to be effective.

Despite their involvement, agencies should be very careful not to get involved in cases that could be more appropriately investigated by other organizations - the Secret Service, the FBI, the Securities and Exchange Commission, to name some. Because of the nature of computer crime, a threat to the monetary system or monetary security, all of the above agencies may have the time, resources and priority commitment to work major cases. They should also be kept informed of all related cases.

Finally, two very human kinds of values can be gained by police in getting involved in computer crime. The first is that the police image as a community value protector will be kept intact. It is key for local police to be above reproach. Should a department take a stand that they will not under any conditions handle one specific criminal area, not only does the community lose a sense of value in that particular area but even the employees within the department. When police officers feel that their own police department will not work a particular crime or does not consider a particular activity criminal "enough" more police officers will start to engage in the activity.

Finally, the introduction of computer crime as one of the list of crimes that a police agency handles enhances the police officer's image of themselves. In a world of technological advancement, police officers, like anyone else, want to feel that they are moving in a progressive and modern direction. To say no to computer crime will make the police officer feel more like he or she is being left out as society moves forward. They are merely taking rearguard action behind a fast moving column.

VI. SUMMARY IMPLICATIONS OF ABOVE UNITS TO LOCAL POLICE

The police will continue to work all of these cases despite our seemingly insignificant position. Any department that goes to an extreme will be the exception. Departments do not have the capability and the resources to take over all the computer crime, for example, much like in fraud they do not have the resources to take over all of the check and credit card crimes that are currently being committed. On the other hand it is difficult to envision a scenario where police departments would take the other side and in no way be involved with computer crime, credit cards, debit cards, check fraud. The police department has a major role in society and should continue to exploit this role. Economic crime as it grows in importance and political significance will also grow in importance in police department priorities. The question will then arise as to what extent the resources be allocated and how should they be allocated to best meet the challenge.

There are five major areas that local police must be involved. The police must first have to find ways to send a very strong message to society that economic crime is wrong; second will have to develop their resource to meet the primary mission of street and common criminals much of which will be tied in some way with economic crime; third, must develop ways to enable the network of information to flow between criminal justice agencies and between the public and the private police in a more efficient fashion; fourth, must work on ways to encourage businesses and individuals to report economic crime; and fifth, have to look at in-service training systems to see where economic crime can fit in to meet the needs of society as we head toward the 21st century.

VII. SCENARIOS

To assist the reader's focus, the following scenarios are presented. The first scenario is a vision of the future. It incorporates some of the areas presented and possible effects. The next set of scenarios are to assist in decision making. They present circumstances encountered today and help us determine where the present outlook is focused. They are also useful in determining whether the scenes presented are acceptable or should be changed.

Future Scenario

The year is 2000. The Bureau of Criminal Statistics has reported that United States businesses and government have lost over \$300 billion dollars to economic crime. These figures, which have been produced since 1990, further reflect the growing trend of economic crime.

Further studies on economic crime indicate that Levi Strauss, IBM, Mattel Corporation and Genetech (a biotechnology conglomerate) have all filed for bankruptcy. They join a long list of American corporate giants who are being driven out of business by international crime. The piracy of technology, patents and trade secrets as well as the counterfeiting practices of offshore companies have driven these legitimate companies to lay off 182,000 employees - 157,000 of them in the United States - in an effort to cut costs and reorganize. The employees that have remained took a 12% pay cut.

All over the United States over 2 million workers have either been laid off or have suffered large pay reductions. For most of us the quality of life has been reduced. Statistics indicate that the number of "walking homeless" (able bodied and educated unemployed) have greatly increased. Although many of these eventually get jobs they end up doing menial tasks for wages well below previous earnings.

The effects of this massive and international economic crime crisis in the United States has been felt in areas outside employment rates. Health hazard warnings have multiplied with the number of counterfeit or poisonous drugs and medicines. Offshore financial institutes have financed fraudulent insurance companies and banks. Poorly constructed vital components of airplanes and railroads plague Government inspectors at crash sites. Carpets containing illegal exotic chemicals (added for color) have caused cancer in children. These are but a few of serious economic crime issues facing the United States.

To add to the havoc, organized crime is now the second largest employer (after the Government). They are fragmented along ethnic lines made up in large part of illegal aliens and pose as legitimate salespeople, giving businessmen enticing deals on products they need. This group pays no taxes, funnels most of their money out of the country, and unfairly competes against legitimate businesses, driving the latter to bankruptcy. To complicate legitimate counter measures, organized crime has flooded the nation with bogus money and financial confusion. In 1988, DeArm Copier Company made a small copy machine able to reproduce currency with extreme accuracy. The copies were so good that

it was impossible to notice any difference with the naked eye (they could, however, be detected by purchasing a 55 thousand dollar machine). The Treasury Department got Congress to outlaw the machine but not before 4,700 of them disappeared. 30% of all the money in circulation is now bogus (compared to less than 0.1% in 1988). Businesses possessing counterfeit bills were overcome by those businesses that trade in their counterfeit bills for legitimate currency.

Organized crime has caused financial havoc by going "high tech". The musclemen (though they still exist) have been overshadowed by the computer hacker and programmer. These modern day goons rob banks and other businesses by breaking into computers. They regularly withdraw large sums of money without notice. They program computers to potentially "explode" and then extort payment out of businesses to insure smooth computer operations.

The CIA recently released information that last year the KGB assisted organized crime in planting six of those "logic bombs". This seems to indicate that foreign adversaries have seen this method as a way of laying the groundwork for eventual real or threatened disruption of the American economy and defense functions. This threat alone has marshalled divergent groups into a unified and concerned political force.

Through all of this, the Government has been pressured into a leadership role looking for solutions. These losses generally afflict the middle class American which carries the largest political clout (number of votes) as well as the largest source of tax revenue. The loss of economic stability in defense functions of course affects everyone. To assist in this battle there has been much political commitment to providing subsidies for the unemployment insurance system, low cost "rental centers" and kitchens.

These measures are recognized as short term programs. For the long term, the Federal Government in conjunction with most border states have committed additional manpower to curb the export and import of illegal items and people.

Perhaps the most controversial of these measures involves the use of military and the local police. Concerning the military, the President of the United States in a 1994 Stanford graduation speech outlined the increased use of military forces for the Customs Services Assistance Program. This practice started during the late President Ronald Reagan's term.

Today, everyone recognizes that the threat of economic warfare has far overshadowed the threat of nuclear, biological or conventional warfare. With that in mind, the military will this year commit approximately one half of its domestic manpower to guard our borders. They will continue to provide heavy patrol, but now they will also be trained, then assigned to airports, harbors and other points of entry to supplement customs officials. The eventual goal is to search and check everything and everyone that comes into the country or leaves.

The assignment of local police has been even more controversial. Using the Federal dollar as its favorite carrot, the FBI and Secret Service have been able to get approximately 25% of local police officers to augment this Federal effort. They have been assigned to carry out Federal search and arrest warrants, follow up on leads developed at local points of entry, and work with investigations requested by or involving local businesses. For most cities, this has meant a large reduction in street patrol. Narcotics, vice, and community relations units have also been reduced.

Local police had, for a long time, not gotten involved in economic crime. They traditionally viewed these crimes as detracting from their primary mission of combating street violence and providing traffic safety.

This changed in 1996 when many city councils increasingly challenged large police budgets in the light of the massive growth of private police and business problems. In that year businesses openly pressured local governments to afford them a higher level of protection - not one to protect them from violence but rather to protect their opportunity to do business. Businesses of all sizes stood together and threatened their local government to take their business (and large tax bases) elsewhere. Most cities responded positively to the companies. Those that did not commit manpower provided "tax rebates" to assist their own policing efforts.

New laws and training were created to increase local police effectiveness. The comprehensive Baylor bill allows warrantless searches of all vehicles of transportation and the inventory or records of companies partially owned by foreigners. Police Officers Standards and Training (POST) has been mandated to spend 40% of their training effort dealing with the issue of economic crime.

Finally, the Federal Government has given notice that any Government agencies found to have played down, ignored or refused to handle potentially valuable economic crime information will be refused Federal aid of any kind.

Teaching Scenarios

Scene #1.

Mr. Smith has come to the Police Lobby. He wants the Police Department to take action on a local merchant who did improper auto repairs. He claims that his wife was the victim of unnecessary repairs.

The receiving officer took down the appropriate facts, wrote an information only case and sent the report to the District Attorney, the Consumer Protection Agency and the State Department of Auto Repair.

No further investigation (interviewing subjects verify the repairs made, get a second expert opinion, etc.) was made.

Questions for Reader.

1. Were you satisfied with the action taken?
2. What changes are recommended?
3. How effective will this action be?

Scene #2.

John Olson, the owner of a small manufacturing business, met an officer to report that last night his whole computer system stopped for three hours. Because of this his assembly line was shut down and figures were lost in the Accounting Department.

Last month he released a computer programmer because of the latter's impossible and unreasonable request for a raise in salary. The employee stayed on during the transition period to a new programmer. He now fears that during that time the ex-employee planted a logic bomb to periodically disrupt his plant.

The Police Department assigned an officer who took a 40 hour computer course to the case. The officer conducted an investigation that included getting a confession from the subject and preservation of programming that had been illegally altered. Over the objection of the victim, who had now corrected the programming errors, the case was sent to the District Attorney for prosecution under Penal Code Section 502d.

Questions for the Reader.

1. What are the possible ramifications of the final action taken?
2. Could it be handled differently? Better?
3. How serious is this crime?

Scene #3

Officer Olson advises Lieutenant Johnson that a third officer has a copy of the movie "Return of the Magi" - an extremely popular movie in the Star Wars series which was released to the theaters one week ago. It has not appeared on videotape or on television.

Officer Olson said that the officer in question bought the videotape from John Wilson who is the projectionist at a local theater.

Lieutenant Johnson asked how much it would cost for him to buy one.

Questions for the Reader

1. How serious is this crime?
2. What are the alternative ways to deal with this?
3. If it happens in your organization today, what would be done?
What should be done?

VIII. ALTERNATIVES

In view of this report of economic crime and the future projections, the Police Chief is in a key position to guide the local law enforcement effort. Since the media and political bodies are not presently forcing a decision, all options remain open and viable. The Police Chief can still pick and choose decisions that are the direct opposite of another's. Here are a list of viable options:

1. Status Quo

No matter what your present position is, local police departments can keep the same level it is presently involved - the 1% commitment. This decision, perhaps arrived at through personal bias or tradition is the most comfortable in the present.

This Chief would be encouraged to take a look at his department and question the reason for wanting to remain status quo. If it is a well thought out philosophy of police management, so be it. The present climate allows, encourages that position. Certainly, there are numerous good reasons for it. The victim's lack of interest, opening Pandora's box, shifting vital manpower out of an overworked Patrol Division, lack of jail space, an inept legal system, etc., all provide adequate reasons for not doing more than handling just those victims that come forward.

However, if maintaining the status quo is a decision based on manpower and budget constraints, some consideration should be given to the following alternative.

2. Redirection of resources

Perhaps because of the lack of attention, resources in this area have developed a life of their own. They operate in an organizational tone that is generally one of "keep the squeaky wheels happy", or at best, a firefighting mode. Often management's major policy decision with economic crime units is to set the standard on check investigations.

Under this option, Chiefs and Economic Unit Managers are encouraged to reexamine their unit's functioning. With the factors about this field as described above, there shall be more room for redirecting present resources. The three principal areas that could be better addressed by present resources are 1) liaison with other agencies (we could give them a lot more information, 2) training of field officers (with motivation and training, they could be much more aware of economic crimes, who to report to and how to resolve them) and 3) prevention (crime prevention could spend more time helping prevent the economic crime losses in addition to talking about lights, locks, and solid core doors).

This kind of creativity with present resources could make a difference on the overall crime picture. Forethought and planning would put the police chiefs in a strong position to maintain the status quo - or to take advantage of future alternatives as they develop.

3. Increase Commitment

In the present climate, increasing allocation to this function either by new positions or movement of present officers can be a successful option in view of the popular view of economic crime. Political and media entities can be easily made aware of the enormity of the responsibility and then commit (be forced to commit) the additional resources.

Two cautions in this option. First, do a very thorough study of victims in the jurisdiction involved. No advance can be made unless there are enough victims to fuel the unit. Not only will critics put the unit in a precarious position, but the lack of work for officers may mean a return to careless misuse of manpower. For example, it would be easy to double the number of check investigators, and still be in the same "squeaky wheel" management mode. The community would be not better off, and the officers involved would have a very poor self-worth - just another collection agency!

Secondly, use the new resources creatively. The present personnel may continue to keep the business victims politically at bay. However, the new resources should concentrate in the liaison, training, and prevention described above - and also get into new crimes not previously investigated. This law enforcement effort can send out a position signal to the community encouraging more lawful behavior.

Also, should economic crime concerns and resources suddenly increase, much of the groundwork of a viable, productive program with its well-thought out management philosophy will be in place.

4. Strategic Retreat

This viable solution for a Chief is to reduce the department's commitment to near zero. This position again can be bolstered by many rational arguments. Certainly, stopping all check investigations (including sending out the public relations warning letter) that the officers had no interest in pushing in a criminal court would reduce medium to small size departments' workload. Not replacing this void with other economic crime investigations would probably be politically easy to do. Who is to notice in most areas?

Making cuts beyond that area may be more difficult. Still a case can be made to leave credit card fraud to the bank investigators and Secret Service and to avoid computer crime because of its complexity and jurisdictional problems. In this mode, the police become mere arms for other agencies. They arrest on the warrants produced, they provide assistance for raids, large search warrants, etc. If the community accepts the enforcement priorities of, for example, the Secret Service and the FBI, this alternative is workable.

All of the above alternatives can be applied to economic crime in general or specific crimes. They can be used to either broaden the number and kinds of crimes involved, for example, computer crime, or they can be applied to those major crimes currently handled by local police - with most departments, credit card and check fraud.

These alternatives are also consistent with the future some see for government - less a doer and more of a broker or helper.

IX. RECOMMENDATIONS

After weeks of intense thinking about economic crime in general, and the specific crimes of credit card/check fraud and computer misuse, the following recommendations are offered to the law enforcement communities and legislative bodies.

A. On Credit Card/Check Fraud

1. Decrease local agency work on non-criminal cases. This includes sending out form letters, working with victims who have disclosed unwillingness to prosecute, and cases which District Attorney policy makes prosecution difficult. Our niche should be the criminal arena - putting people in jail.
2. Improve your agency's capture of career criminal information through intelligence relationships with those units, and businesses who currently handle the bulk of the check and credit card caseload.
3. Get serious about those investigations handled. A search warrant and seizure of assets gained through the use of a bum check can do wonders for correcting the behaviour of those interested in illegally gaining goods (unfortunately, little effect on services gained).
4. Local Chiefs and their Associations should get involved in moving the legislative and administrative agencies to better regulate the banking industry. The mammoth losses currently incurred is due in large part to the banks' lack of motivation. As long as a credit card losses can be passed on to legitimate consumers, they will continue to exist. Police workloads could be reduced if the victims were not so willing to hand out free checks and credit cards. They should have to 1) share a greater part of the loss within the organization, and 2) use security devices (such as authorization machines) in all commercial purchases.
5. Legislation is also needed as regards the unnecessary possession and the protection of credit card numbers. These numbers provide the starting points of criminal behavior. The numbers should be destroyed by businesses, not discarded. A law is needed such as is in place in Arizona whereby it is illegal to use a credit card as identification for check passing. One night as a cashier in a busy pizza parlor could keep a career criminal busy for months! This law would be excellent for educating the public on the potential for credit card abuse.
6. The Federal Government needs to accelerate the technological advancement in these areas. With minimal government funds but maximum policy direction, technologies can be introduced that could curtail most of the present crimes of this field handled by the local police and that plague local merchants. Ways to protect cards, make them more efficient, and rapidly identify the card user could be put in place over the next five years. But some central third party coordination is needed. Local Chiefs joining Chamber of Commerce organizations and other stakeholders, should intercede to push for this program.

B. On Computer Crime

1. Get involved as opportunities present themselves. When a local citizen reports that he has been the victim of a computer crime, accept the information. The potential for harm to society at large is too great not to get involved. Every facet of the criminal justice system needs to pay attention - even local police who may feel left out, ill-trained, lacking jurisdiction, etc. If your organization does not carry the case, make sure someone is following through with it. Local police have to participate in the "maturing" process society is going through.
2. In conjunction with that stance, train all officers with the simple purpose of demystifying computer crime. Most experts state that the competent police officer needs little or no training on investigating computer crime. But what is needed is to convince them of that so they will not avoid them. A series of in-service training sessions and policy/procedure direction should take care of this blockage.
3. Protect your own computer. Chances are, because of the profession (and heightened distrust of people), we may think that we have given more consideration to security than private industry. Most likely however, either through budget limitations, lack of experience, or lack of patient development, most departments that have computers suffer the same or worse computer security problems as private industry. Private companies spend a lot of money protecting their computer for the very life of the company, especially in the area of trade secrets and vital information. Few departments can match their efforts - yet they have major problems.
4. Local Chief should consider proposing or backing some innovative legislation in this area:
 - a. Mandatory reporting of computer crime (Colorado has such a law). Although this would increase our workload, it would serve to educate the populace of the importance of computer security and help potential transgressors in their decision-making.
 - b. Licensing of computer programming. Discovering a few illegal software commands in a program of a million commands makes prevention even more important. Licensing, much debated among computer experts at this time, seems like a logical step. Further, the licensing agency should have an enforcement arm that can provide expertise and support to local police agencies.
 - c. Mandatory police assistance. Legislation may be needed that will mandate computer manufacturers and software vendors to provide free technical advice and assistance to enforcement agencies. Although any officer can investigate a computer crime, he/she will need technical assistance. This would cover that area.

- d. An extension of DATTA-like Grants. This is a State Grant in Santa Clara County which combines the resources of police, District Attorney, and private security to combat theft of hi-tech hardware, software, and trade secrets. This State treasure deserves special attention. DATTA-like groups can be part of a State core group that specializes in this area. They can coordinate efforts, mutual aid, and other assists for training (police and citizens) and prevention.

C. On Economic Crime in General

1. Find the police niche. Economic crime is a reality and all criminal justice and administrative/regulatory agencies must do their part. For the local police, the question is not whether or not to participate. Rather a challenge will be to find their niche in the "marketplace" and perform that service well. That niche suggested is:
 - a. Handling matters that are criminal (versus civil or administrative) and are not handled by another jurisdiction as a priority item. This will mean that having complete jurisdiction in some crimes and limited or no involvement in others depending on local priorities.
 - b. An organization of information gathering for other allied agencies. The field and 24 hour nature of police should be utilized to the fullest to gather and pass on information.
2. As a contact/information agency, local police should increase the effort of their everyday tasks. Officers having a suspicion of economic crime should write reports that can be sent to an intelligence unit or other agency. Further, when citizens contact their local police because they have been victimized, they should never be turned away empty handed. Rather, the officer contacted should take some action. This could entail calling the appropriate agency for an appointment, collecting information to another agency, etc. Someone who is victimized may be so let down by the lack of local knowledge and concern that he/she will never report it again. Those victims, witnesses should be encouraged to pursue action, rather than be discouraged. That telephone call or walk in may have taken a lot of effort in a "buyer beware" world. Police should take advantage of the momentum. In-service training and department policies should lead the way.
3. Work crime that is local. Local police should at every turn limit work within their own jurisdiction. Those cases that are beyond it should be handled by appropriate County, State, or Federal agencies. There are enough of these agencies around that if the police apply appropriate pressure, one of them will work those cases. Departments need to be as concerned about the case as the victim is, and then push for resolutions.

4. Local police need training in economic crime. Many officers have little "feel" for this area. From the Basic Academy, to in-service training and college classes, more focus could be put on these crimes. The hope is that officers will themselves be more alert for their occurrence. They will also be more cognizant on how to handle the variety of problems.
5. Develop an intelligence network that includes the economic crime area. Because of the numerous agencies public and private, involved a lot of information is lost that is also valuable to investigation of street crime. Local agencies, within limits, need to expand their networks of contacts. More and regular liaison with the private sector should be encouraged.
6. Local Chiefs should provide leadership for businesses to combat economic crime. They should provide ombudsman services to the State for the development of technology and laws that safeguard the sometimes fragile business economy. However, in doing this, they should be careful not to risk political polarization. They must not bail out one company over another. These activities should focus on broad issues and relate directly to the workload of the department, and protection of society in general.
7. Action should be coordinated with other police departments. This can relate to #6 above. But it should also cover some policy changes in ways of deals with crimes. This will allow a limiting of political damage if changes are dramatic. Officers too will better coordinate their efforts. Currently, the variety of department policies cause some dissention with one agency avoiding another to investigate cases.
8. Consider longer rotations. Few officers have the interest to develop skills in this area (although some of the above changes could impact this). When a department has such an office, a one or two year rotation may be too brief. Private computer crime specialists are frustrated by even a three year rotation. The rotation should be such that it goes beyond the training stage. Another variation that may work is having the officer take his/her specialty with him. An excellent computer investigator may be able to successfully conduct those cases from other positions depending on their frequency and intensity. For most agencies reports like computer crime will be infrequent.
9. Crime Prevention needs to be broadened. Commercial presentations especially should go beyond locks, lights, and doors. They should cover employee theft, counterfeit credit cards, credit card number protection, basic computer software security programs, etc. Citizens need to be warned on the consequences of their carelessness with credit cards, dealing with shady merchants, and the use of home and business computers.

Seven years ago the Stockton and Menlo Park Police Departments provided a Women's Awareness class that was approximately 15 hours long. A similar program would be excellent for merchants to cover all aspects of their "Mom & Pop" operations. Perhaps another should be presented for citizens in the high tech world with its new pitfalls and birds of prey.

10. Departments should have widespread coverage of their efforts. As a psychological standard bearer for community values, the better known prevention and arrests are, the more likely adults and juveniles will realize the social implications of these crimes. These efforts may be spread by the media, talks to community groups, and classes at local business schools.

X. THE FUTURE OF ECONOMIC CRIME

The future of economic crime can look as rosy and bright as it can be dark. As long as there are these two opposing forces, the world of local law enforcement will continue in somewhat of a straight line development. Little changes over the years will only seem like big ones in retrospect.

What is most difficult to project are the occurrences that will appear as a deus ex machina and forever change the way of life. Inexpensive instant fingerprint readers (which provide immediate and accurate personal identification) and color copy machines (which will make cash a dangerously obsolete way to conduct financial transactions) come the closest to those bolts from the blue that were found.

What those specific individual events will be is difficult to predict. However, in the financial or banking side of economic crime, a crisis or series of crises seem likely to occur that will make surviving Pearl Harbor look like a cakewalk.

At what point will society respond in earnest? Society will probably react much as it has to the development of transportation. As it grew, new transportation systems lagged far behind. Crisis management techniques are used. When the travel time became too long from one side of town to another, expressways, then freeways were developed. What will happen when the rush hour traffic lasts all day long - more freeways, creative work schedules, bus lanes? At some point society will be forced to leap forward in thinking to solve a problem. Bullet trains, effective mass transit systems, residency laws will all have their time.

In economic crime, long before someone runs away with the monetary systems, there may be forced changes - such as reduced lifestyles, inability to conduct business routinely or dramatic increase in the amount of losses. The crisis managers will continue to apply band-aids. Some managers of vision will prepare society to take the great legal, technological, and psychological leaps necessary.

Local police chiefs should start thinking about their relationships to these events. No one will be able to hide much longer as economic strength and security become more important than a strong military or solid core door.

The future of police involvement in economic crime seems assured. The police will not be out of it. The challenge for Police Chiefs and their departments will be to go through exercises such as this report. The amorphous mass of economic crime needs much research and thought if we are to have a leadership role in the future. The temptation to firefight or to lay back and be told what to do can be detrimental to future professionalism and the resources allocated to our departments.

XI. LIST OF FUTURE STUDIES NEEDED

The question of the local police role in economic crime still has a long way to go before research conclusions can mature. As discovered within this project, there are many areas to be studied. Here are some of them that could make excellent Command College projects:

1. Investigate the range of attitudes toward economic crime. More than anything else, society's ambivalent attitude toward the suspects and victims of these crimes hamper the justice system's handling. This study would examine the attitudes and perhaps probe ways law enforcement could best respond.
2. Survey current activities in local police response and handling of economic crimes. There seems to be a wide variety of department allocations, policy, and procedures. Such a study could expose the inconsistencies and help police find their niche in this area.
3. Define the typical victims to be protected from economic crime. A victimology study might produce some necessary information on the typical victim's economic status, race, age, etc. Compare the psychological stages they go through to the victims of street crime.
4. Sample one city for dollar loss, attitude, police policies. This would be an excellent starter program for a city department seriously interested in starting a creative economic crime program.
5. Develop a map of all the Federal, State, County area, and local agencies that deal in economic crime. This map would be a visually exciting project that would provide an excellent view of the overlapping jurisdictions, the contradictions, the complimentary systems. It would also be an excellent reference for officers investigating these crimes.
6. Do a literature review of economic crime issues. The information about this issue is as opaque as the enforcement. A study could bring these facts to light through a thorough review of current thought.
7. Do a case study of a relatively major and complex economic crime case to draw out conclusions that could benefit other economic crime issues.
8. Study a specific economic crime. Each crime that can or does touch local police deserves its own investigation much like I touched on computer crime, credit and check fraud and their future prospects on these pages.
9. Produce a management model that could be used by police agencies in economic crime. The use of senior retired executives, lead police officers assisted by civilians, and the use of Reserve police powers all present interesting possibilities. They could provide the kind of creative model enabling the police to more effectively handle these programs.
10. Similarly, a model could be suggested for the public/private police interaction in this area.

11. Ways of financing economic crime resistance would be an excellent and useful project. Often, the very thought of "where do we get the money" stops good projects.
12. Develop investigative guidelines, checklists, and training for specific economic crimes such as: theft of trade secrets, computer crime, identification of hi-tech products.
13. Develop scenarios for the future of economic crime in a society where major unpredicted events occurs. For example: serious economic depression, uncontrolled growth of organized crime, decriminalization of drugs, bankruptcy of Federal Government, widespread economic sabotage revealed, etc.
14. Study the economic crime training already present (or not present) in Basic Academy and In-Service training.
15. Study the emerging issue of privacy as regards the technological developments and how this may relate to economic crime issues.
16. Study the impact of a national money ID debit/intelligence card on the economic crimes of financial fraud. Also include how this card could be used by police agencies - point of sale terminals at each traffic stop, at warrant counters, etc.
17. Study the impact of mandatory police and fingerprint checks to open a bank/credit account (getting a license to spend money).
18. Study the impact of limiting access to checks, credit cards, and computers for subjects convicted of crimes in those areas. Alternate to the overcrowding jails?
19. Study the role of the local police or Police Chief in providing value leadership in a community. In the area of economic crime (or any other area), does the local police's overt involvement encourage higher values or not?
20. Study the effect of the warning letter sent out as a public relations effort by many police departments. Are they more effective than those from collection agencies?
21. Survey other states for economic crime laws that they have that should be adopted in California. For example, the Arizona law that prohibits using credit cards for I.D. and the Colorado law that makes reporting computer crimes mandatory could both deserve to be adopted by California.
22. Study the amount of economic crime police officers commit. This could be compared to a sample of non-officers. Also, a related study might show the effect of police economic crime involvement on the officer's own behavior (similar to #19 above).
23. Study the relationship of each trend in Megatrends to the future of economic crime.
24. Using the analogy that railroads are in the transportation business, not railroad trains only, what is the business of local law enforcement? This basic philosophical study would be an exciting basis for political and professional study.

XII. APPENDIX A

TYPES OF ECONOMIC CRIME

- A. Crimes by persons operating on an individual, ad hoc basis
1. Purchases on credit with no intention to pay, or purchases by mail in the name of another.
 2. Individual income tax violations.
 3. Credit card frauds.
 4. Bankruptcy frauds.
 5. Title II home improvement loan frauds.
 6. Frauds with respect to social security, unemployment insurance, or welfare.
 7. Unorganized or occasional frauds on insurance companies (theft, casualty, health, etc.).
 8. Violations of Federal Reserve regulations by pledging stock for further purchases, flouting margin requirements.
 9. Unorganized "lonely hearts" appeal by mail.
- B. Crimes in the course of their occupations by those operating inside business, Government, or other establishments, in violation of their duty of loyalty and fidelity to employer or client
1. Commercial bribery and kickbacks, i.e., by and to buyers, insurance adjusters, contracting officers, quality inspectors, government inspectors and auditors, etc.
 2. Bank violations by bank officers, employees, and directors.
 3. Embezzlement or self-dealing by business or union officers and employees.
 4. Securities fraud by insiders trading to their advantage by the use of special knowledge, or causing their firms to take positions in the market to benefit themselves.
 5. Employee petty larceny and expense account frauds.
 6. Frauds by computer, causing unauthorized payouts.
 7. "Sweetheart contracts" entered into by union officers.
 8. Embezzlement or self-dealing by attorneys, trustees, and fiduciaries.
 9. Fraud against the Government.
 - (a) Padding of payrolls.
 - (b) Conflicts of interest.
 - (c) False travel, expense, or per diem claims.
- C. Crimes incidental to and in furtherance of business operations, but not the central purpose of the business
1. Tax violations.
 2. Antitrust violations.
 3. Commercial bribery of another's employee, officer or fiduciary (including union officers).
 4. Food and drug violations.
 5. False weights and measures by retailers.
 6. Violations of Truth-in-Lending Act by misrepresentation of credit terms and prices.

7. Submission or publication of false financial statements to obtain credit.
8. Use of fictitious or over-valued collateral.
9. Check-kiting to obtain operating capital on short term financing.
10. Securities Act violations, i.e., sale of non-registered securities, to obtain operating capital, false proxy statements, manipulation of market to support corporate credit or access to capital markets, etc.
11. Collusion between physicians and pharmacists to cause the writing of unnecessary prescriptions.
12. Dispensing by pharmacists in violation of law, excluding narcotics traffic.
13. Immigration fraud in support of employment agency operations to provide domestics.
14. Housing code violations by landlords.
15. Deceptive advertising.
16. Fraud against the Government:
 - (a) False claims.
 - (b) False statements:
 - (1) to induce contracts
 - (2) AID frauds
 - (3) Housing frauds
 - (4) SBA frauds, such as SBIC bootstrapping, selfdealing, cross-dealing, etc., or obtaining direct loans by use of false financial statements.
 - (c) Moving contracts in urban renewal.
17. Labor violations (Davis-Bacon Act).
18. Commercial espionage.

D. White-collar crime as a business, or as the central activity

1. Medical or health frauds.
2. Advance fee swindles.
3. Phony contests.
4. Bankruptcy fraud, including schemes devised as salvage operation after insolvency of otherwise legitimate businesses.
5. Securities fraud and commodities fraud.
6. Chain referral schemes.
7. Home improvement schemes.
8. Debt consolidation schemes.
9. Mortgage milking.
10. Merchandise swindles:
 - (a) Gun and coin swindles
 - (b) General merchandise
 - (c) Buying or pyramid clubs.
11. Land frauds.
12. Directory advertising schemes.
13. Charity and religious frauds.
14. Personal improvement schemes:
 - (a) Diploma Mills
 - (b) Correspondence Schools
 - (c) Modeling Schools.
15. Fraudulent application for, use and/or sale of credit cards, airline tickets, etc.

16. Insurance frauds
 - (a) Phony accident rings.
 - (b) Looting of companies by purchase of over-valued assets, phony management contracts, self-dealing with agents, inter-company transfers, etc.
 - (c) Frauds by agents writing false policies to obtain advance commissions.
 - (d) Issuance of annuities or paid up life insurance, with no consideration, so that they can be used as collateral for loans.
 - (e) Sales by misrepresentations to military personnel or those otherwise uninsurable.
17. Vanity and song publishing schemes.
18. Ponzi schemes.
19. False security frauds, i.e. Billy Sol Estes or De Angelis type schemes.
20. Purchase of banks, or control thereof, with deliberate intention to loot them.
21. Fraudulent establishing and operation of banks or savings and loan associations.
22. Fraud against the Government
 - (a) Organized income tax refund swindles, sometimes operated by income tax "counselors"
 - (b) AID frauds, i.e. where totally worthless goods shipped.
 - (c) F.H.A. frauds.
 - (1) Obtaining guarantees of mortgages on multiple family housing far in excess of value of property with foreseeable inevitable foreclosure.
 - (2) Home improvement frauds.
23. Executive placement and employment agency frauds.
24. Coupon redemption frauds.
25. Money order swindles.

XIII. FOOTNOTES

1. I found this to be the case in an informal survey of five police departments. Two were large city departments (pop. over 500,000). The others were medium to small (pop. 25,000 - 70,000).
2. Sutherland, Edwin H., White Collar Crime, (New Haven: Yale University Press, reprinted 1983), p. 7.
3. Herbert Edelhertz, The Nature Impact, and Prosecution of White-Collar Crime, U. S. Department of Justice, L.E.A.A. (U. S. Government Printing Office, 1970), p.3.
4. Edelnertz, Op. Cit., p. 73-75.
5. Drugs, smuggling, sales, etc. could be put under the umbrella of economic crime. It is all part of the underground market depriving society of tax revenue and other losses.
6. Estimate of my experience and based on "1" above. This would make an interesting study.
7. Alvin Toffler, Future Shock, (New York: Random House, 1970).
8. John Naisbitt, Megatrends, (New York: Warner Books, 1983), p. 9.
9. Naisbitt, Op. Cit., p 11-38.
10. Naisbitt, Op. Cit., p. 52, 53.
11. Naisbitt, Op. Cit., p. 84 ff.
12. Naisbitt, Op. Cit., p. 97-157.
13. Report by the Population Reference Bureau (as quoted in the USA TODAY newspaper, November 15, 1985, p. 3A).
14. These statistics were presented by a group of private security managers at a DATTA meeting on November 1, 1985. It was their best estimate.
15. Report of Georgia-Pacific Corporation (Manufacturer of safety paper) as quoted in the USA TODAY newspaper, November 13, 1985.
16. The Nilson Report, Secret Service (as quoted in Forbes Magazine, Sept. 9, 1985, p. 91).
17. To add to the computer crime mystique, exotic terms such as "Logic Bombs", "Salami", etc., are used. Their definitions are available in many works. They formally originated in Computer Crime, prepared for the National Criminal Justice Information and Statistics Service of LEAA, U. S. Department of Justice, Grant #78-SS-AX-0031. copyright by SRI International.
18. A logic bomb is part of a computer software program that is set to go off when all of the prearranged conditions (date, time, operator passwords, etc.) are met.

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