

ADMINISTRATION OF JUSTICE
Homework Exam Review

WHITE COLLAR CRIME

NAME: _____ PERIOD: _____ ROW: _____

UNDERSTANDING WHITE COLLAR CRIME

1. White-collar crime is a broad category of nonviolent misconduct involving _____ and _____ fraud.
2. The term " _____ " was first coined in 1940 by Sociologist Edwin Sutherland to describe a crime committed:
 3. by a person of _____,
 4. while in the _____.
 5. Modern definitions of white-collar crime instead focus on the criminal offense, regardless of the _____.

The following types of activities are some of the more frequent kinds of white-collar crimes committed:

6. Tax _____
7. False _____
8. _____ fraud
9. _____ fraud
10. Crimes against the _____
11. Monopolies and _____

TAX EVASION

12. Tax evasion is the willful attempt to avoid _____.
13. It is a specific intent crime and is also referred to as _____.
14. A person may commit this crime by evading payment of _____, _____, or _____ taxes.
15. Evasion of paying federal taxes is the most commonly prosecuted tax offense because it is the _____.
16. The three main elements the government must show to prove willful _____ is:
 17. the existence of a _____,
 18. proof the accused _____,
 19. and willfully _____.
20. A tax deficiency exists when the proper amount of tax to be paid is greater than the _____.
- 21-23 **In order to prove the existence of a tax deficiency, the government must show the following:**
 21. The defendant received _____.

22. The unreported income was _____.
23. The itemized deductions claimed on the return were knowingly _____.

24-26 **One method the government can utilize to prove a tax deficiency is using direct evidence:**

24. Using direct evidence involves examining and searching through the defendant's records for all taxable income, then _____.
25. Although the use of direct evidence is the ideal way to prove a tax deficiency, it is often _____ in criminal tax offense trials.
26. If a defendant intended to evade paying income taxes, they will aim to _____.

27-31 **There are three main indirect methods of proving a tax deficiency.**

27. The first is the _____.
28. The second is the _____.
29. The third method is the bank _____ method.
30. The prosecution merely examines the deposits made by the defendant into a _____.
31. Should the total amount of the deposits exceed the amount reported on the tax return, the _____.

Knowingly performing an affirmative act toward the evasion of taxes constitutes a felony.
Some examples:

32. Filing _____
 33. Keeping a _____
 34. Concealing _____
 35. Placing assets in the _____
 36. Lying _____
37. Willfulness, for tax evasion purposes, is the voluntary, intentional violation of a known legal duty regarding a taxpayer's knowledge they should have reported more income than _____.

To satisfy the willfulness requirement necessary for a tax evasion conviction the government must show:

38. The law imposed a _____
39. The defendant _____
40. The defendant _____ and _____ violated that duty to properly report their income.

TAX EVASION

41. The Supreme Court has established that ignorance _____.

42. The High Court has ruled that tax laws are extremely _____ and _____ to understand.
43. Because tax evasion offenses require a specific intent government's burden of _____.

FALSE ADVERTISEMENT

44. The Trademark Law Revision Act of 1988 allows any one who "is or is likely to be damaged" by a false _____.
45. Courts interpret this provision as _____.
46. The Trademark Law Revision Act of 1988, places liability on anyone who makes a false or misleading advertisement regarding their own _____, _____, or _____ activities.
47. The act only imposes civil liability. Therefore, only plaintiffs can bring the legal action, not _____.
48. A representation or advertisement can be in either _____ or pictures, and it must be about a _____.
- 49-50 **The Federal Trade Commission Act makes it illegal for any person or business to create or cause to be created any false advertisement that:**
49. directly or indirectly induces a _____, drugs, _____, services, or _____.
50. creates or causes to be created, any false advertisement deemed to be an unfair or _____.
51. State laws are different from Federal laws since they are mainly passed to protect consumers from being _____.
52. Laws may vary from state to state, but one thing they have in common is the falsity generally must be material and proof of _____.

Many states have employed a "capacity to deceive" test:

53. As long as the ad has the potential to deceive the public, a _____ can be established.

MAIL FRAUD

54. Mail fraud is a form of fraud that uses a mail service to _____.
- 55-58 **To obtain a conviction for mail fraud, the government must establish four basic elements all beyond a reasonable doubt:**
55. there was a scheme to _____.
56. there was the required _____.
57. the scheme to defraud involved using the U.S. Postal Service, or any _____.
58. the use of the U.S. Postal Service was for the purpose of _____.

59. When the statutes were first enacted they were used only to prosecute "schemes" that consisted of defrauding someone of some _____.
60. Schemes involving traditional mail fraud _____ someone of money or other tangible property through _____, including omissions, which are _____.
61. Two examples of mail fraud are making a false loan _____ and fraudulent _____.
62. Eventually, mail fraud statutes were interpreted to prosecute schemes that defrauded a person out of intangible property also.
63. This type of prosecution for mail fraud is primarily used to protect citizens from _____.
64. Today mail fraud statutes cover both the use of the United States Post Office or a private _____.
65. The prosecution must prove that the use of mail was for the purpose, of executing or completing the scheme to _____.
- 66-69 **A defendant has two main defenses to a mail fraud charge:**
66. First is the good _____, which is merely a contention that there was no _____.
67. Second is the statute of _____.
68. The statute of limitations is generally _____ on a mail fraud charge, and _____ if it involves a _____ institution.
69. The statute of limitations begins at the time the final act is made in furtherance of the _____.

SECURITIES FRAUD

70-73 **There are four main elements for every type of securities fraud action:**

70. Substantive fraud that includes material omissions and _____, insider _____, parking, and _____ fraud, each of which has its own elements
71. The fraud is found in the offer, purchase, or _____ or in connection with any of these activities.
72. The use of interstate _____ or the _____ to conduct these activities.
73. Last, there needs to be a willful _____.
74. Insider trading is a type of substantive fraud that involves the purchase and sale of securities _____.
75. This type of fraud usually deals with cases in which one insider has inside information and _____ regarding certain material, nonpublic information.

76-81 Many different individuals have been classified as insiders:

- 76. corporate _____ and _____
- 77. major _____
- 78. lower level employees who may _____
- 79. outside professionals and _____ (e.g., _____ and _____)
- 80. the _____
- 81. companies and _____ of the above-mentioned individuals, and even _____
- 82. Parking is another method of _____.
- 83. Parking can be defined as any sale of securities that are purchased with the understanding that they will be _____.
- 84. Parking is a criminal violation in and of itself but, it is often part of a larger _____.
- 85-86 Parking is used to:
 - 85. Manipulate the _____ and _____ of stock, which will _____.
 - 86. Circumvent margin rules and _____

87-89 There are three common defenses to securities fraud:

- 87. No knowledge of the law: The defendant can argue that he or she did not know that his or her _____.
- 88. They acted in good faith: When the fraud entails a misstatement or omission: the defendant can claim that he or she had a good faith belief that the statement was true and accurate, or that the _____.
- 89. They relied on attorney advice: The defendant may allege their actions were a result of a good faith _____.

ANTITRUST CRIMES AND MONOPOLY

- 90. Antitrust laws are design to protect trade and commerce from restraints, _____, _____, and _____.
- 91. Designed to ensure and preserve a competitive economy, to allow free enterprise to prosper and to allow everyone an equal _____, _____.
- 92. The Sherman Act: the primary statute used to _____.
- 93. Generally criminalizes unreasonable _____.
- 94. Makes every contract, or _____ the trade or commerce among States, or with _____, illegal.

95-97 **The following elements must be established for a civil judgment or a criminal conviction:**

- 95. Two or more _____
- 96. The conspiracy produces, or _____, an unreasonable restraint of trade or _____
- 97. The restraint is on _____
- 98. Criminalizes monopolizing, attempting to monopolize, or conspiring to monopolize a market _____.
- 99. The Robinson - Patman Act: anyone involved in any sale of goods "at unreasonably low prices for the purpose of _____ or _____" may be subjected to criminal liability.

100-102 **The Clayton Act: prohibits certain types of activities that harm competition.**

- 100. Exclusive _____.
- 101. Mergers _____.
- 102. Provides a private _____ for injury caused by violation of the antitrust laws.
- 103. The Federal Trade Commission Act: mainly used to prosecute _____ and _____ practices.
- 104. Price-fixing refers to an agreement formed in order to raise, lower, fix, or stabilize _____.

105-106 Market Allocation Agreements involving market allocation are agreements made between competitors within a given market to:

- 105. divide up markets by _____, product line, or _____.
- 106. to minimize _____

107-109 Boycotts as defined by the U.S. Supreme Court:

- 107. involves "concerted refusals by traders to _____."
- 108. intended to be an _____.
- 109. such boycotts are _____.
- 110. Obtaining a monopoly or attempting to obtain a monopoly are both prohibited under the _____.

111-113 **To monopolize means to obtain the joint acquisition and maintenance of the power to:**

- 111. control and dominate _____,
- 112. to such an extent that they are able, as a group, to exclude _____,
- 113. intentionally _____.