Methods to prevent economic crime

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Innehåll

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Foreword

For many decades now, questions relating to crime prevention have played a central role in Swedish crime policy. The Swedish National Council for Crime Prevention (Brottsförebyggande rådet – BRÅ), a central government agency established in 1974, and publisher of this report, constitutes one piece of evidence of this fact. Questions of crime prevention tend usually however to be directed at traditional offences, such as theft, and at specific problem areas, such as youth crime, that are also dominated by traditional forms of crime. The current report is unusual in the sense that it focuses on another type of crime altogether, namely white-collar crime or economic crime, which is the term commonly used in Sweden.

It is actually quite strange that we have not made more progress in preventing economic offending, since this form of crime results in particularly large costs to society. It is not merely the purely economic costs that are higher than those associated with traditional crime. Economic crime also undermines confidence in society. Without confidence, a society’s transaction costs increase. This produces an unwieldiness and inefficiency that greatly affects both the willingness to invest and economic prosperity. Economic crime also affects private individuals in the same direct way as traditional offending. Individuals are poisoned by bad food, injured in unfit working environments, involved in accidents resulting from poorly maintained transport networks, harmed by dangerous products, made to pay excessively for shoddy workmanship by tradesmen and deceived by dishonest advisors.

In other words, there is a major need to make progress in relation to crime prevention in the area of economic offending.

As was the case in many other countries, attention became focused in earnest on economic crime in Sweden during the 1970s. Since this time, as will be shown by the first chapter of this report, issues relating to economic crime have assumed an important position on the crime policy agenda on several occasions. Central government has increasingly emphasised the need to include the element of crime prevention as a central factor even in relation to economic crime. The problem, however, is that there are very few ‘recipe books’ available on the subject of preventing economic offences. This is perhaps nothing strange, since with Sweden being a country of only nine million inhabitants, Swedish is not counted among the world’s major languages. Even if the search is expanded to include other languages, however, the results are disappointing. Little has been written on the subject.

This is the background against which the National Council for Crime Prevention has taken the initiative to publish a report on economic crime prevention in English. The report builds on work that the Council was commissioned by the Government to undertake in 2002 (BRÅ 2003:1). The Swedish National Audit Office (Riksrevisionsverket) had published a report to the Government noting a number of deficiencies at one of the country’s more important crime prevention agencies (RRV 2001:29). These deficiencies related inter alia to a lack of clarity as to what the agency covered in the area of prevention work and to the absence of explicit methods for how
such work should be conducted. The National Council for Crime Prevention was therefore commissioned to investigate the need to prevent economic crime and to formulate suitable methods for use by anti-crime agencies.

It is important to examine the effects that different preventive measures have on crime. Unfortunately, our knowledge of the effectiveness of crime prevention measures is poor. This lack of knowledge should not however lead to passivity. Amongst other things, knowledge on the effects of crime prevention measures has to be developed. The hope is that this report will serve as an important source of inspiration in the area of economic crime prevention work.

Even though the report has been produced in a Swedish context, it is the hope of the National Council for Crime Prevention that it may inspire other countries to increase their crime preventive efforts in the area of economic crime and that we may encourage and develop the international exchange of ideas and experiences as a means of moving towards our common goal, that of reducing crime.

The report has been written by the National Council’s chief legal officer, Lars Emanuelsson Korsell, Dr. Jur. Contributions have also been made by members of the Council’s research staff in the form of Isabella Canow, Anita Heber, Mikael Nilsson and Carlos Rojas. The manuscript for the Swedish version of this report has been reviewed by Assistant Professors Tage Alalehto and Sven-Åke Lindgren from the Universities of Umeå and Göteborg respectively, both of whom have made valuable suggestions.

Stockholm, March 2005

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Summary

Preventing crime by means of situational methods

As with any other form of human behaviour, criminal acts are a result of the motivation that arises from the interplay between an individual’s propensity and the situation. Crime prevention measures therefore have the objective of affecting either (1) individuals’ propensities to commit offences, or (2) the occurrence of criminogenic situations. Individual morals, and by extension, the individual’s propensity to commit crime, are primarily affected by upbringing and the social conditions under which people live. These are areas that are difficult for anti-crime agencies to influence. This report therefore directs its primary focus at measures that can be affected by these anti-crime agencies, either by themselves or through others, namely the occurrence of criminogenic situations. By affecting such situations by means of various measures, potential offenders may be persuaded that the “price” of committing offences is too high.

No fewer than 90 per cent of the Swedish police, prosecutors, tax-offence investigators, tax auditors, enforcement agents and official receivers who replied to the National Council for Crime Prevention’s questionnaire on issues relating to economic crime prevention (a total of 342 individuals), reported that they felt there was a great or a very great need to prevent economic crime. This constitutes a clear signal that there is broad support behind efforts to make progress in the area of economic crime prevention.

The strategies adopted by the Swedish Government to combat economic crime also emphasise the perspective of economic crime prevention. There is thus a joint vision and widespread support in relation to issues of prevention, but it is nonetheless difficult to formulate concrete methods for the prevention of economic offending. No less than 26 per cent of those who returned the questionnaire answered that they don’t know which methods should be employed to prevent economic offences.

The methods most commonly proposed by those who completed the questionnaire were the dissemination of information on different forms of crime and on the risks associated with them. Improved levels of collaboration between the agencies involved was another common proposal. This constitutes a further indication that we lack experience regarding crime prevention methods in this area. Since there is not one but many types of economic offender, a variety of measures are required to prevent these offences, ranging from softer approaches such as service and information provision, to tougher measures involving intelligence operations and the identification and ‘marking’ of active economic offenders. An excess of repressive measures could lead to the emergence of a subculture of resistance within the business community, working in opposition to legislators and public sector agencies. Softer measures directed at the wrong targets will not produce results.
This report presents and discusses a variety of different measures. At the same time, however, we have to acknowledge that we know too little about the effects of preventive measures on crime, and that the state of the knowledge is particularly poor in the area of economic offending. The report should therefore be viewed more as a guide than a recipe book.

**Conditions for prevention**

One conclusion that may be drawn is that anti-crime agencies such as the police and the prosecution service themselves have very little opportunity to prevent crime. They are located at some distance from the criminogenic situations, legal loopholes, deficiencies in the control exercised by agencies and others, etc. that may be affected in a crime preventive direction. They are thus too far from the systems – routine agency controls of firms, civil law business controls, the legislature – that go to meet crime directly. The anti-crime agencies are even further away from the environments that exercise an effect on people’s propensity to commit offences. Any crime prevention strategy that focuses on anti-crime agencies must therefore turn these weaknesses into strengths.

In spite of all this, however, the agencies of crime control nonetheless have certain resources that may be used to prevent economic crime. They possess a substantial amount of knowledge relating to this form of crime. This knowledge relates primarily to the structure of economic offending, but also to known offenders. And whilst this knowledge is certainly rather scattered within the organisations concerned and is rarely systematised to any significant extent, there is plenty of room to make improvements in this regard.

Economic offences are committed within organisations that have many, frequent and protracted relations with employees, suppliers, creditors, control agencies, trade associations and trade unions. In addition, these criminal activities are closely linked to different forms of legislation, unlike traditional offences, that take place outside fixed structures of this kind. A systematic compilation of the existing knowledge on economic crime may provide a foundation for the implementation of effective preventive measures by potential agents of crime prevention. This is the basis for developing an economic crime prevention strategy for anti-crime agencies. These agencies possess both a comprehensive knowledge of the causes and structure of crime, and an express mandate to prevent crime. They should therefore

1. systematically develop knowledge on offending in order to facilitate the identification of areas crucial to the prevention of crime,
2. work together with one another, and with other agencies, legislators, the business community, trade unions and the media in order to establish crime prevention measures,
3. work with a large number of crime prevention measures simultaneously – even in relation to the same type of crime – that may produce both short- and longer-term effects,
4. employ a system for conducting risk assessments in order to establish priorities,
5. make measurements of crime prevention work internally and also conduct evaluations.

There are also obstacles that stand in the way of crime prevention work. Knowledge on crime prevention constitutes one such obstacle. There are many actors in this field, as well as rivalries that serve to obstruct collaboration. Prevention work is not prioritised and is difficult to measure. Issues of confidentiality produce a large number of problems in connection with collaborations between agencies. The same is true of issues relating to agency powers.

Towards a knowledge-oriented approach to combating economic crime

Intelligence gathering activities constitute an important instrument for the collection and systematic compilation of knowledge on economic crime. The intelligence section of the Danish (SØK) provides a source of inspiration in this context. The information collected by supervisory agencies by means of amongst other things tax auditing and research activities constitute important sources of knowledge.

The Twin Track method involves reviewing the documentation from criminal investigations after the event in order to analyse the offences from a crime prevention perspective. By systematically reviewing concluded investigations, conclusions can be drawn as to the measures required to prevent specific offences.

This allows for the compilation of what is referred to as a “Visdomskartotek” (“Wisdom register”) in line with the model employed in Denmark. The Danish register is a compilation of examples of good practice, references to relevant literature, who has done what, and so forth, that are then used to benefit crime prevention work at the national level. Conferences, seminars and the publication of handbooks serve to complement the existence of the register by ensuring a continual exchange of experiences between different actors.

If effective crime prevention methods are to be developed, it is essential to evaluate the measures that are implemented.

Methods

There is no standard solution in the field of crime prevention work. Instead, attention must be focused in every case on the substantial variation that exists among both offences and offenders. By themselves, so-called PEC-visits (Preventive Economic Contact), which are probably the most common

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1 SØK = “Statsadvokaten för särliq ekonomisk kriminalitet” (State Prosecutor for Economic Crime) in Denmark.
form of preventive method, are not enough. The measures implemented must be directed at the specific problems being addressed. This also means that it may make sense to combine several different measures, even in connection with the same offence type, in order to cover the variation that exists.

In order to achieve quick results by means of crime prevention measures, it is advisable to choose measures that

- increase the perceived efforts to commit offences,
- increase the perceived risks associated with committing offences,
- reduce the anticipated rewards from crime,
- reduce the available excuses associated with the commission of crime.

Table 1 presents a number of such preventive measures. The table is the result of an attempt to collect and compile a large number of methods in accordance with the four points referred to above.

Other preventive methods include forming task forces or projects focused on preventing certain types of crime, and establishing ongoing, routine collaborations between agencies. Highly active economic offenders may be singled out and ‘marked’ for special attention in order to prevent continued criminality.

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2 Since methods may apply to several different cells in the table, it is at times difficult to determine which cell a certain method should be placed in.
| Measures that increase the perceived efforts to commit offences |
| Measures that increase the perceived risks to commit offences |
| Measures to reduce the anticipated rewards associated with crime |
| Measures to reduce the available excuses associated with the commission of crime |

**Disrupting ongoing activities**
- Initiating criminal investigations
- Operation "krogsanering" (see below)
- Other joint agency operations

**Work to encourage self-controls**
- Crime proofing (risk-assessment of legislative proposals)
- Public procurement used to exclude dishonest actors
- Business community working to ensure they do not facilitate crime through their goods and services

**Exploit internal information**
- Reviewing concluded criminal investigations for related information on individuals and firms
- Interview operational staff following conclusion of investigations for similar information
- Link money laundering reports to criminal investigations

**Increasing awareness**
- Establish a forum with the business community to disseminate information on crime and prevention
- Disseminate information on more ‘crime-proof’ public procurement
- Handbooks on how to acquire information etc. that facilitate crime prevention
- Early Warning, website with info. on economic crime and what one should be on look-out for
- Direct contact with Depts. of State

**Visible operations**
- PEC-visits (perceptions of risk for detection), Cleaning up bars and restaurants (‘Krogsanering’) and other inter-agency outreach operations in areas where a lot of crime is committed
- Disseminate information on successful operations, effective control systems, upcoming control operations etc. in order to encourage perceptions that risk of detection is high

**Information**
- Intelligence operations
- Systematic handling of tip-offs
- Take advantage of the eyes and ears of other actors with a control function (Labour Inspectorate, Environmental and Health Protection Boards etc.)

**Information on disadvantages of crime for offender**
- Plus minus calculations for blackmarket labour via information and campaigns
- Plus minus calculations for blackmarket labour in schools and vocational training courses

**Gather forces against profits of crime**
- Close collaboration with enforcement agency
- Use of sequestration and lien
- Better use of opportunities for forfeiture and damages claims
- International collaboration in order to trace and recover property

**Bad publicity reduces profits of crime**
- Working closely with the media

**Agency activities**
- Dealing with others correctly in one’s professional capacity
- Showing respect to suspected offenders
- Correct assessments
- Participate in informational meetings

**Counteract threat of corruption**
- Internal action programmes
- Training of own staff
- Contact persons for business community and trade unions

**Ethical issues**
- Stimulate self-regulation
- Raise occupational ethics through education
- Increase integrity in at risk occupations (advisors etc.)
- Improved ethics in public sector (officials and politicians)

**Positive “control”**
- Service provision
- Information provision
- PEC-visits (in the sense of providing service/ information)
- Meetings and conferences
- Assistance to those starting up in business
1. Background, limits, method and arrangement of the report

Background

This section presents the background to the report, explaining why it focuses on certain types of economic crime and not others. It also includes a presentation of the way the anti-crime agencies are organised in Sweden. In addition, there is a review of the ways in which questions of economic crime prevention have been discussed.

As was the case in many other countries, attention became focused in earnest on economic crime for the first time during the 1970s (Heckscher, 1980 and 1983). Economic crime is in no way a recent phenomenon, however, either internationally or in a small country such as Sweden. The “Gulasch Barons” exploited the scarcity of goods during the First World War, and during the 1930s liquor smuggling gained momentum as a result of the introduction of extensive restrictions on the amount of alcohol that could be purchased (AMOB, 1977; Sund, 1999). To this day, international research into economic crime points to the Krueger crash as one of the biggest cases of large-scale swindling ever witnessed (Sutherland, 1949; Ruggiero, 1996). Ivar Kreuger was a Swedish financier who created a world-wide industrial complex, which then collapsed like a house of cards, ruining a large number of investors (Shaplen, 1959). Kreuger himself fell victim to his own bullet in a hotel room in Paris in 1932, although speculation continues to this day as to whether he was in fact murdered.

The first major study of economic crime in Sweden was conducted by the National Police Board’s (Rikspolisstyrelsens) working group against organised crime (AMOB, 1977). It was this AMOB Inquiry that served as the real touchpaper for the Swedish debate in this area (Svensson, 1982). As may be deduced from the name of the working group, economic and organised crime were at that time treated as a single, unitary phenomenon (Lindgren, 2001). It was not until the beginning of the 1980s that the two were distinguished as being distinct from one another. Today, however, there is once again a growing tendency to emphasise the connection between economic and organised crime, and certain of the agencies involved have argued that professional criminals have moved into the area of economic crime.

The AMOB Inquiry defined economic crime as a kind of offending that should take the form of an organised operation, i.e. there was a requirement involving an organisational form and systematic activities. The operation itself is not criminal (as is the case with organised crime), but it constitutes the basis for a recurrent element of criminal activity. Economic crime is often characterised by the fact that it takes place in the borderland between the sanctionable and the legal, and by the way in which the
individuals involved have a far-reaching control over the various objects of these offences. This definition, with minor adjustments, dominated the area of Swedish work to combat economic crime up until the mid-1990s (Korsell, 2000c).

During the years around 1980, economic crime divisions were established at all of the country’s regional police authorities in order to detect and investigate economic crime (Persson, 1986). These divisions remain in place today, although anti-economic crime work in the country’s metropolitan areas has been shifted over to the Economic Crimes Bureau (Ekobrottst myndigheten), as is explained in more detail below.

As a result of the proposals made by the AMOB Inquiry, the National Council for Crime Prevention was commissioned by the Government to conduct a comprehensive review of the legislation relating to economic and organised crime. A total of 25 reports were produced relating to issues as diverse as environmental crime and offences against the legislation regulating the working environment, to illicit gambling and tax offending. It cannot be emphasised enough that the remit for the review was very broad, in stark contrast to the relatively narrow range of offences that public sector agencies regard as economic offending today. In part, the legislative review also had a crime preventive focus, although this concept was hardly, if ever, used in relation to economic offending at that time.

The National Council’s review of the legislation was very successful and the majority of its proposals were implemented. In 1982, however, the National Council’s commission in this area was withdrawn, and the Economic Crime Commission (Eko-kommissionen) was instead established which, according to its governmental directive, was to propose suitable measures to combat “economic crime and tax evasion” (Korsell, 2000c). The Economic Crime Commission had a marked crime-policy focus, and its work received a great deal of attention and was also exposed to a substantial amount of criticism (Axberger, 1988). The Economic Crime Commission found itself in the middle of an ideological crossfire that actually had more to do with conflicts of a more general political nature than with the concrete proposals it put forward (Lindgren, 2001). The criticisms directed at the agency often focused on a lack of safeguards for legal rights and on the fact that the work was focused on a form of crime that was more or less non-existent. The battle over economic crime was a highly politicised issue, unlike today when there is a broad consensus that combating economic crime constitutes an important policy area.

One unintended consequence of the work of the Economic Crime Commission however, was that the offence types counted within the category of economic crimes were narrowed down to primarily include tax-related offences (Korsell, 2003). Accounting and tax-related offences are also the categories of crime that dominate the statistics over both reported economic offences and convictions for such offences, as well as the work of the agencies working in this area. The dominant position occupied by tax-related offending may also be explained by the fact that taxation is particularly important in a welfare-state subject to relatively high taxation pressures. Frauds, that may also effect businesses, were thus never really
counted among economic crimes within the political context of the time. Nor were occupational crimes, such as embezzlement and breaches of trust against a principal, included in the general picture of the offences that should be counted as economic crimes (BRÅ 2002:1).

Once the Economic Crime Commission had concluded its work in the mid-1980s, there followed a period when interest in economic crime was relatively weak. At the beginning of the 1990s, however, the Parliamentary Auditors conducted a review of the work to combat economic crime in Sweden, and produced a number of serious criticisms: "The time lapse is far too long, and there is too little time to investigate many offences before they fall under the statute of limitations.... The long-term lack of follow-ups, integrated analyses and of consistency in the steering of efforts to combat economic crime, is viewed by the Auditors as one of the principal reasons that the problems in this area have been allowed to become so extensive" (1994/95:RR4, p. 1).

In 1995, the Swedish Government presented an integrated strategy to combat economic crime (Skr. 1994/95:217). This was to be the beginning of one of the largest crime policy reforms ever introduced in Sweden. Organisational changes were implemented and the legislation was overhauled in many areas. The strategy is still being followed today, and an action plan was recently introduced laying out the reform work that is to be implemented in the near future (Skr. 2003/04:178).

Something of a symbolic cornerstone in the strategy involved the creation of a new government agency in this area, and this led in 1998 to the establishment of the Economic Crimes Bureau. This is a prosecuting agency, but one at which police and economists also work together in teams lead by prosecutors. This joint working environment constituted a new departure initiated in connection with the establishment of the National Economic Crimes Bureau, along with the fact that resources were earmarked for economic crime investigations through the existence of this agency, which focuses specifically on economic crime and has a highly specialised field of operations. The agency’s target area primarily covers accounting offences, tax offences and crimes against creditors, which constitute the major target groups in terms of the volume of offences. Smaller target groups include insider-trading offences and frauds committed against the EU’s subsidies system. The Economic Crimes Bureau is first and foremost located in and around the three metropolitan counties of Sweden. In the rest of the country, economic crimes are dealt with by the regular police and prosecution services.

A further organisational change that was also introduced in 1998 involved the introduction of tax-crime units throughout the country within the framework of the work of National Tax Board (Skatteverket) operations. The work of the tax-crime units, which is focused on the investigation of tax-related crimes under the supervision of prosecutors, is primarily conducted by tax auditors who have been "retrained". These constitute a new form of “police” who have been through higher education, but who do not actually have a police officer’s powers, and have produced an important net addition to the level of investigative resources available in Sweden.
One important step taken with the governmental strategy of 1995 was that prevention work was emphasised in a completely new way. The problem however has been that there is a lack of any substantial experience in the field of economic crime prevention, particularly by comparison with the routines that have been developed in relation to traditional crime. The leaders of the collaborating agencies that form the Economic Crime Council (Ekorådet) therefore took the initiative to publish an anthology where researchers and practitioners were able to present and disseminate their experiences of economic crime prevention (BRÅ 2003:10).

One indicator of the crime preventive thread running through the governmental strategy is found in the major investments made in developing research into economic crime in Sweden. The National Council for Crime Prevention was commissioned by the Government to stimulate economic crime research, *inter alia* by providing funding for several research projects (BRÅ, 2004).

As was mentioned in the foreword to this report, an audit identified a number of important deficiencies, not least in the area of economic crime prevention (RRV 2001:29). The National Council for Crime Prevention was therefore commissioned by the Government to formulate crime prevention methods specifically to combat economic offending. This resulted in the report that the present publication now makes available in English.

Limitations

Despite the comprehensive reform work conducted in connection with the implementation of the strategy formulated in 1995, no clear description or definition of what is included in the concept of economic crime has yet been introduced (Ds. 1996:1). The presentation of the governmental strategy, referring to the description of the Standing Committee on Justice referred to above, included the following statement (Skr. 1994/95:217, p. 5).

*Developments have reached a point where other forms of sanctionable acts may also be counted among economic crimes. A new definition acceptable to all those present has not yet been formulated however.*

*It is clear that economic crime may take many different forms. Often, but not always, it involves offences committed within the context of commercial operations. Other types of economic crime may for example include illegal transactions involving money, securities or similar instruments that a person may conduct without owning a business.... Various forms of grant or benefit fraud, particularly those taking place in the context of commercial operations, are also of interest in this regard.*

*One new feature is that professional criminals are engaging in economic crime to a greater extent than was previously the case as one of several means of earning money from crime. In many instances there are links between economic offending and other forms of crime, such as drug crime and violent offending, for example. There are also cases where companies serve more or less exclusively as a cover for economic*
crime. In these instances, crime may be said to constitute the business concept itself.

From a criminal justice perspective, economic crime often falls under those provisions that relate to crimes against creditors, tax offences, or offences against the revenue legislation. Other penal provisions from the penal code or from special penal legislation may also be involved. Environmental offences should also be included in the category of economic crime.

In practice, the focus has been directed at tax offences, crimes against creditors and accounting offences (Chapter 11 BrB), i.e. the large majority of economic offences both previously and today. Although this rather narrow, practical definition of the forms of offending that constitute economic crime may be criticised (BRÅ 2002:1), this report proceeds from the situation as it exists at the present time.

The largest volumes of economic offences that are reported to the police and that result in convictions comprise accounting offences, tax offences and crimes against creditors. These types of crime are also included within the target population of offences covered by the Economic Crimes Bureau and are to a large extent those dealt with by the tax-crime units at the National Tax Board. Since the beginning of the 1980s, these forms of crime have traditionally constituted the focus of the attention directed at economic crime in Sweden. As a consequence, these are the offence types that are dealt with, even if the concept may also be applied to embezzlement, for example, breaches of trust against a principal, frauds and corruption offences.

This report also focuses on the anti-crime agencies, i.e. those agencies that investigate and prosecute crime. Thus it does not focus on society’s supervisory and control agencies, which are of particular importance for the type of economic offending that constitutes the mainstay of this report. As was mentioned in the foreword, the National Council for Crime Prevention has already published a report that takes up the control-related activities of agencies of this kind (cf. also Larsson, 2003). The agencies of interest to the current report are instead those that investigate and prosecute crime, typically agencies with police or prosecutorial powers.

Method

Three studies have been conducted:

- A literature search and a review of existing literature, including information from the internet
- Participant observations, study visits and interviews
- A questionnaire survey

Visits have been made to the tax-crime unit in Gävle, the National Tax Board’s analysis and evaluation unit, the Finance Police at the National Criminal Investigation Department (Rikskriminalpolisen), the three divisions of the Economic Crimes Bureau in Stockholm, Göteborg and Malmö,
the Swedish Migration Board (*Migrationsverket*), the Swedish Customs (*Tullverket*) and the State Prosecutor for Economic Crime (*SØK*) in Copenhagen.

The questionnaire survey collected responses from 342 individuals, all of whom work with questions relating to economic crime. At some of the agencies, the questionnaire was sent to the Head of Division, who was then to distribute it to those officials working with economic crime prevention. As a consequence, more questionnaires were distributed than could be completed. Figure 2 presents the number of respondents that have completed the questionnaire within different occupational categories.

![Figure 2. Number of respondents that completed the questionnaire, by occupational categories based on their own descriptions. August 2002. n = 342.](image)

The responses were collected in July and August of 2002, which is a period during which many officials take their annual vacation. Whilst this has affected the response frequency, it will not have affected the content of the responses, a factor that is important for the question of the study’s objectivity. Time did not allow for the distribution of reminders to the respondents requesting them to complete the questionnaire. The survey’s objective was not that of conducting a census. Nor were the officials or agencies chosen by means of a sampling procedure. Given the brevity of the period during which the survey was conducted and the fact that it coincided with the holiday period, the questionnaire was sent to as many as possible in the hope that the majority would have time to complete it before going on vacation. The internal attrition occurred for a number of natural reasons; some of the respondents rang and stated that a work colleague was on a leave of absence or away on work-related business, some felt that they could not complete the questionnaire since they did not work with issues of prevention, others felt they were too new at a given workplace.

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3 The organisations to which questionnaires were distributed, and the numbers of questionnaires distributed and completed are presented below.

<table>
<thead>
<tr>
<th>Agency</th>
<th>EBM</th>
<th>SKM</th>
<th>SBE</th>
<th>KFM</th>
<th>TSM</th>
<th>KUT</th>
<th>Customs</th>
<th>Financial</th>
<th>Police</th>
<th>Eco-</th>
<th>Prosecutors</th>
<th>Lawyers/Receivers</th>
</tr>
</thead>
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<td>Distributed</td>
<td>311</td>
<td>56</td>
<td>138</td>
<td>207</td>
<td>16</td>
<td>10</td>
<td>3</td>
<td>15</td>
<td>128</td>
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</tr>
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<td>2</td>
<td>3</td>
<td>3</td>
<td>42</td>
<td>13</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

1 Economic Crimes Bureau; 2: Tax Authority; 3: Tax-crime units; 4: Enforcement agency; 5: Supervisory agency for bankruptcies; 6 Criminal Intelligence Service.
The results from the three studies are not presented individually, but have been integrated into the presentation at the relevant points.

The state of the knowledge on the effects that preventive measures have on crime is poor. We know particularly little about measures focused on the prevention of economic crime. Levi (2001:70) goes as far as to ask, provocatively, *who cares about what works in controlling white-collar crime?* He argues that far too little effort has been devoted to finding out what works. It is difficult not to agree, and at the same time if this report were to be based only on preventive methods that have actually been evaluated, we would have been forced to give up the project almost before we had begun. For this reason, the work is very much in the character of a sketch of ideas.

### The arrangement of the report

Chapter 2 defines the concept of prevention and presents a review of different preventive methods. This includes methods with a general focus, methods that are directed at specific risk groups, and finally methods to prevent crime among those who have already committed offences. Chapter 3 presents a short discussion on the causes of economic crime. The objective is to provide a basis for answering the most important question posed in this report, which is taken up in Chapter 4, namely what the anti-crime agencies can do given this background in order to prevent economic crime.

Before presenting the crime prevention methods, Chapter 5 argues that work to combat economic crime must become more knowledge-based than it is today, and a number of methods to achieve this goal are proposed. A knowledge-based approach to combating economic crime would also involve conducting risk assessments in relation to different types of offence in order to facilitate a systematic approach to prioritising preventive measures. There are rarely sufficient resources available, and it is therefore necessary to focus these resources on the most important areas, and those where it is judged that they will be able to produce results. A model for conducting risk assessments is presented in Chapter 6. Chapter 7 presents a number of general experiences that can be drawn on from the area of traditional crime prevention.

Chapter 8 presents the heart of the report, namely methods that may be used by anti-crime agencies in order to prevent economic crime. These are grouped in accordance with the so-called situational prevention model, which is itself also presented in this chapter. Chapter 9 reviews a number of additional methods whose focus lies elsewhere than in the area of situational prevention. Chapter 10 advocates the view that the most important preventive method involves persuading the anti-crime agencies to make use

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4 The questionnaire study has however been published in its entirety by the National Council for Crime Prevention as an internet publication and as an appendix to the report Preventing Economic Crime. Needs and Methods. BRÅ-report 2003:1. In addition, parts of the questionnaire have been published in the form of a chapter in an anthology on economic crime prevention (Canow, 2003).
of their systematised knowledge of crime and to collaborate with others. In other words, police and prosecutors may act as crime prevention consultants and influence other actors who have the opportunity to prevent crime.
2. What does crime prevention involve?

*Integrate investigative activities, intelligence services, the dissemination of information and legislation so that it all becomes coherent! It is only then that conditions will be created to work preventively.*

(Tax-crime investigator)

As with any other form of human behaviour, criminal activities are a result of the motivation that arises from the interplay between an individual’s propensity and the situation. Crime prevention measures therefore have the objective of affecting either (1) individuals’ propensities to commit offences, or (2) the occurrence of criminogenic situations. Individual morals, and by extension, the individual’s propensity to commit crime, are primarily affected by upbringing and the social conditions under which people live. These are areas that are difficult for the anti-crime agencies that constitute the focus of this report to influence. The report therefore directs itself primarily at measures that can be affected by these anti-crime agencies, either by themselves or through others, namely the occurrence of criminogenic situations. By affecting such situations by means of various measures, potential offenders may be persuaded that the “price” of committing offences is too high.

The questionnaire survey shows that those who work to combat economic crime proceed on the basis of a relatively narrow view when they describe what they mean by crime prevention work. As can be seen from Figure 3, a large majority feel that information provision constitutes a very important factor in relation to preventive efforts.
Over 40 percent of respondents are of the opinion that information provision to the public should be intensified, primarily focusing on members of the younger generation who have as yet not developed criminal behaviour patterns. What is most important is influencing attitudes in society at large, by means of providing information in schools and through the media. Many of those who completed the questionnaire reacted strongly to information that young people today have a positive attitude towards working in the black economy, which is viewed as potentially having devastating consequences in the future. Some explain this attitude among young people as a temporary, age-related moral decline. Others view it as a matter of concern, since more young people today have a positive attitude towards undeclared work than was previously the case.

In addition, they propose measures to influence society at large. It is only among the bankruptcy receivers that the majority advocate measures to prevent economic offences or make them more difficult – on the other hand these were the second most common measures proposed by the remainder of the occupational categories included in the survey.

How do those who completed the questionnaire want to prevent economic crime?
Figure 4. Numbers of respondents’ answers to the question “How would you like to work with economic crime prevention questions at your workplace, and using which methods?” August 2002. n = 342.

Figure 4 shows that the most common response was Don’t know (26 per cent). Looking at the different occupational categories, this response was most common among prosecutors, tax-crime investigators, customs officials, enforcement agents and bankruptcy receivers, which provides an indication of the difficulties involved in formulating concrete preventive methods. As was mentioned earlier, many of the respondents suggested that the agencies involved should disseminate information on different types of crime and on the risks involved in these. Despite this being the most commonly proposed method of preventing economic crime, only nineteen per cent responded that they would like to use this method at their own workplace. Looking once again to the various occupational categories of respondents, this response was most common among police officers, economists and analysts. Twelve percent proposed improved levels of collaboration between relevant agencies.¹

A large number presented several proposed changes to the legislation, but these are not presented in the current text.

One police officer at the Economic crime unit recommended Preventive Economic Control visits, which involve contacts with newly established businesses. One economist at the Economic Crimes Bureau felt that a change in attitudes was required across a broad front:

Creating attitudes against criminal behaviour. Having sensible control systems built into the routines that affect economic conditions. (The phrase “the opportunity makes the thief” applies to most of us!)

Another police officer working at the Economic Crimes Bureau felt that conducting controls was the best method to prevent crime:

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¹ Many of those who completed the questionnaire provided suggestions for improvements to the legislation or to what agencies with a supervisory or control function can do. Since the current work focuses on the preventive methods of anti-crime agencies, however, these proposals are not presented here.
Crime that has become established at the level of the individual company is difficult to get at by means of preventive work. Prevention is best accomplished by working in the field. In one word CONTROLS.

Yet Another police officer from the Economic Crimes Bureau stated that:

Specially assigned police together with other agencies (the tax authority, environmental control units, licensing authorities, the enforcement agency, customs and others) actively conduct visits at workplaces of all these kinds, but also by means of lectures. Today we get tips on criminal activities that can’t be processed in any way. Improved levels of exchanging experiences between departments. Improved access to the police’s investigatory register. Confiscating the results [of crime] – money, property and so forth – both at home and abroad – that have accrued to the perpetrator. Ireland has good experience of this. The law should be changed to allow the resumption of Preventive Economic Control activities that worked well previously. The agencies should be working not only with repressive activities, but should also collaborate in Preventive Economic Controls and other preventive operations. The Economic Crimes Bureau should develop its own functional criminal intelligence operations.

One tax auditor felt that the best methods to prevent economic crime were:

Better legislation and opportunities for control. Information and training, in school for example, on the consequences for society and the individual citizen.

The questionnaire survey shows that the respondents have a limited conception of the preventive measures that are available. Further, they put their faith in being able to inform away crime. Among the ambitions of the current work therefore, is that of on the one hand presenting a number of preventive methods, and on the other emphasising the fact that informational measures have a limited effect and only work in relation to certain types of problem.

One obstacle affecting anti-crime agencies in their work to develop the area of prevention is found in the lack of knowledge on what crime prevention involves and how it can be broken down. It may therefore be useful to present an overview of the field of crime prevention approaches, see Table 2 (cf. Lab, 1997). The advantage of an overview of this kind is that it also locates phenomenon that are well-known to the anti-crime agencies, such as general prevention and individual prevention, as well as the measures implemented by the prison and probation service, within the context of the broader preventive field. For the sake of clarity, the overview includes both economic crime prevention measures and well-known measures from the area of traditional crime prevention. As a perusal of the

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6 The Economic Crime Bureau has today access to the register.
7 The Economic Crime Bureau has started to build up an intelligence unit.
overview will show, it is not possible to differentiate between preventive and repressive measures, since repressive measures also produce preventive effects.

The model is originally drawn from the field of healthcare, where measures are divided into examples of primary, secondary and tertiary prevention. These three stages correspond to the development of a disease or, in the current instance, of the crime problem in focus. Primary prevention focuses on attempting to ensure that a problem doesn’t arise in the first place. Within the area of public health, this may take place by means of vaccination and measures focusing on sanitation and public hygiene. In order to counteract economic crime, new legislation could perhaps be formulated in such a way that crimes cannot be committed. Secondary prevention focuses on individuals or situations that are already showing signs indicating the existence of a problem. Secondary measures might, for example, involve health checks of individuals spending time in hazardous environments. By means of situational crime prevention strategies, measures can be implemented that reduce the motivation to commit offences in specific situations, such as by ensuring that proof of identity must always be produced in connection with credit card payments. By the time tertiary prevention is introduced, the disease has already developed and care measures are put in place in order to cure the diseased individual. In the area of crime, sanctions or treatment are implemented with the goal of attempting to ensure that the offender does not reoffend.

As has been noted, the objective of crime prevention measures is to affect either (1) individuals’ propensities to commit crime or (2) the occurrence of criminogenic situations. The majority of the measures presented below are focused on affecting the occurrence of situations that may be exploited for the purposes of crime. As has already been mentioned, the general preventive effects of the threat of sanctions, and the individual preventive effects of sanctions themselves, are not discussed in this work, since the object of the exercise is to encourage anti-crime agencies to devote more energy to the implementation of non-repressive preventive measures. The focus is directed at measures that precede the commission of an offence, as well as those whose objective is to stop crimes at an early stage.

An examination of the overview presented in Table 2 shows that anti-crime agencies should think in terms of additional crime preventive efforts besides those focused on general and individual prevention and areas that have already become established, such as the provision of information in schools. In this report we would like in particular to emphasise the area of situational crime prevention, which involves efforts to influence criminogenic situations in such a way as to make the price of committing offences too high for potential offenders.
Table 2. Approaches to crime prevention (cf. Lab, 1997).

<table>
<thead>
<tr>
<th>Approaches to Crime Prevention</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary prevention</strong></td>
<td>Identifies conditions in the physical and social environment that make crime possible or that produce crime. The goal is to counteract incipient and ongoing crime and exposure to crime, and to reduce levels of fear of crime. Primary prevention does not attempt to directly influence the individual, but rather the population as a whole by focusing on the environment in general and other conditions that affect crime.</td>
</tr>
<tr>
<td>Influencing the business community</td>
<td>Stimulating self-regulation.</td>
</tr>
<tr>
<td>Inter-agency collaboration</td>
<td>Exchanging information on modus.</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Patrolling. General controls.</td>
</tr>
<tr>
<td>General prevention</td>
<td>Arrests and prosecutions. Sanctioning.</td>
</tr>
<tr>
<td>The school system</td>
<td>Lessons on crime, crime levels etc. How to protect oneself. Fear of crime. Ethics in vocational training (including at university).</td>
</tr>
<tr>
<td>Social prevention</td>
<td>Counteracting unemployment and poverty. “Job-training”.</td>
</tr>
<tr>
<td>Private security</td>
<td>Firms’ commercial controls. Internal controls.</td>
</tr>
<tr>
<td><strong>Secondary prevention</strong></td>
<td>Early identification of potential offenders and measures to obstruct offences. Secondary prevention is about the capacity to correctly identify and predict problematic individuals and situations. In contrast to primary prevention, secondary prevention is focused on individuals.</td>
</tr>
<tr>
<td>Identification and prognosis</td>
<td>Early identification and assessment of individual problems.</td>
</tr>
<tr>
<td>Situational prevention</td>
<td>Disrupting ongoing activities. Focused controls. ‘Previson’ for more crime-proof procurement procedures.</td>
</tr>
<tr>
<td>Identification of problems</td>
<td>Situationaly specific measures.</td>
</tr>
<tr>
<td>Local police</td>
<td></td>
</tr>
<tr>
<td>Areal analyses</td>
<td>Identifying high-crime areas or trade sectors.</td>
</tr>
<tr>
<td>Substance abuse</td>
<td>Prevention and treatment.</td>
</tr>
<tr>
<td>School</td>
<td>Working with potential youth problems.</td>
</tr>
<tr>
<td><strong>Tertiary prevention</strong></td>
<td>Tertiary prevention focuses on individuals who have already committed offences and aims to ensure that they do not commit offences in the future</td>
</tr>
<tr>
<td>Identification and ‘marking’ of highly active economic offenders</td>
<td></td>
</tr>
<tr>
<td>Individual prevention</td>
<td></td>
</tr>
<tr>
<td>Incapacitation (incarceration) or exclusion</td>
<td>Prison. Injunctions against running a business. Confiscation of commercial vehicle or liquor licenses.</td>
</tr>
<tr>
<td>Rehabilitation and treatment</td>
<td>Courses in accounting and business studies. Courses in business ethics.</td>
</tr>
</tbody>
</table>
The subsequent sections of the text develop the crime prevention approach in relation to economic crime. A discussion of the causes of economic crime is prevented by way of an appropriate point of departure. Once again, we want to affect either the propensity to commit offences or criminogenic situations.
3. The causes of economic crime

Some people are honest all of the time.
Some people (fewer than the above) are dishonest all of the time.
Most people are honest some of the time.
Some people are honest most of the time.
(Bologna and Lindquist, 1995:11)

There are many theories as to the causes of crime and it is not possible to deal with even the most important of these in the current context. James Coleman, however, a scholar of economic offending has attempted to combine a number of different theories into a single explanatory model. This presentation therefore takes this work as its point of departure. Coleman (2001) contends that economic crime may be explained by reference to three factors:

1. motive
2. neutralisation (motivational excuses)
3. opportunity

Motive

Recent research has shown that, in addition to criminal "career" offenders, economic offenders can be divided into two broad categories (Weisburd and Waring, 2001):

- crisis responders
- opportunity takers

Crisis responders are reacting to some form of perceptible crisis (cf. Cressey, 1953). These crises may be of varying kinds; what they have in common is that the offender responds by exploiting a position of trust. The individual in question commits a crime in order to deal with the crisis threatening him/her, the family or the company. Crisis responders are characterised by the fact that they largely correspond to images of respectability and conformity rather than instability and deviance (Weisburd and Waring, 2001:59). Economic difficulties resulting from the pressures of competition may trigger a crisis that leads the businessman to determine that the choice between keeping the business or ceasing to trade lies in deciding to commit a crime or to follow the law (cf. Alalehto, 1997).

Opportunity takers are not responding to a crisis situation, but are instead acting on a volition to take advantage of opportunities that make crime possible. They would never have committed a crime if a specific opportunity had not arisen. They may also seek out opportunities that can be exploited in this way. Opportunity takers may be recruited by others in
order to commit offences (conspiracy). Like the crisis responders, the members of this group also share the generally prevailing values of society at large.

Coleman (2001) argues that it is nonetheless puzzling that successful people commit economic crimes. For him, the explanation is to be found in personality characteristics such as a *propensity for risk-taking* and *greed* and in an ambition to *acquire even more*. Other economic offenders are afraid of sliding down the social scale and of losing status that they have already acquired (cf. crisis responders). The success myth prevalent within society – of emerging as a winner from economic competition – tends to encourage values of the kind that promote economic offending (Coleman, 2001). The fear of failure means that crimes are more common when business is going poorly than when it is booming.

To this point, the focus has been on the motive. Underlying individuals' motives we find the normative climate that serves to affect the attitudes of these individuals. The family and school play an important role in the formation of norms. The way working and business life is organised also affects the formation of morals at the societal level and the motivation to commit crimes.

The normative climate is in turn affected by societal developments. When the systems that serve to maintain societal norms change or disappear, crime increases. According to this conception, tax evasion would depend more upon societal instability resulting from rapid change than on the size of the tax burden, for example (Lindgren and Theandersson, 2001).

Sutherland (1949) argues that criminal behaviour is *learned*. This takes place in environments where such behaviour is perceived as more advantageous than acting in accordance with the law. Individuals learn and are socialised into forms of criminal behaviour that are specific to a given environment. An environment of this kind is also isolated from other environments where such behaviour is regarded as wrong. Criminogenic environments may include anything from youth gangs to established organisations such as companies or departments within a company. In those environments that are of interest in the current context – companies – individuals learn not only the techniques necessary to break the law, but also the motives for doing so.

Organisations – and the norms that develop within them – are deemed to constitute an important explanatory factor in relation to economic crime (Vaughan, 1984; Jamieson, 1984). Even if some individuals leave and others join, the same criminal activity may continue (Sutherland, 1949).

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8 According to the Kahneman-Tversky principle, individuals assess changes in company performance in different ways (Wheeler, 1992). Thus the utility of increased profits diminishes rapidly. By contrast, the loss of utility associated with economic losses is perceived as being proportionally greater. This leads in turn to a propensity to commit offences in order to avoid recording a loss. If these conditions spread through society, argues Wheeler, then the opportunities may increase to persuade some people that other alternatives, such as going into bankruptcy or living on a lower level of income, are preferable to committing offences and becoming labelled a criminal. This knowledge however is first and foremost something to be used preventively by the enforcement service and lenders.
Neutralisations: “Everybody else is doing it”

Being able to explain away one’s criminal activity is regarded as an important element in offenders’ motivation to commit crimes. Economic offenders usually share the values that prevail within society at large. They therefore have to be able to motivate their offences in order to be able to continue to regard themselves as law-abiding citizens at heart. This is not a question of being able to explain away offences after the event, but rather one of motivational neutralisations that exist prior to the commission of the offence.

Examples of neutralisations of this kind include the perceptions that everybody else is doing it, it doesn’t hurt anyone who can’t afford it or it’s just a loan (cf. Cressy, 1953). Neutralisations mean that the individual may have good reasons for committing the offences, such as rescuing the company and the livings of its employees. In this regard there is also a difference between men and women. Female embezzlers are viewed as having a propensity to justify the offence by reference to the needs of family members, whereas men are seen as more commonly adducing business related reasons (Ingvaldsen, 2001).

In a comprehensive survey of black-market work, it emerged that one important neutralisation referred to the existence of fiddling or misconduct at higher levels (RRV 1998:29). Large ‘parachute’ severance payments to the directors of public sector monopolies are one example of the kind of transactions that produce a situation where ordinary people are less averse to cheating a little on their own taxes.

Our assessment is that neutralisations are particularly important for economic offenders because they are often conventional people who largely share the values prevalent in society. Reducing the opportunities for employing neutralisations therefore constitutes an important method of crime prevention.

Opportunity

For a crime to be possible, a situation or opportunity for its commission is required. Situations and opportunities of this kind depend on the way working and business life is organised. The forms taken by control systems are also of major importance for the level of criminal opportunities of course.

To take one example, tax evasion may to a large extent be explained by the level of available opportunities to avoid paying tax (Witte and Woodbury, 1985). When levels of opportunity decline as a result of various measures, so too do levels of tax evasion.

Against the background of the competitive culture of modern society, Coleman (2001) argues that crime trends in the area of economic offending are more the result of the occurrence of attractive opportunities for crime than of differences between individuals in levels of motivation. The next chapter expands upon how crime prevention measures can be developed to affect levels of criminal opportunity.
4. How can anti-crime agencies prevent economic crime?

Police know a great deal, but this knowledge is not systematised. Their work is therefore ineffective. Police work only in relation to the concrete case.
(Police officer, SØK)

The explanatory factors underlying crime are motive, neutralisations and criminal opportunity. The normative climate constitutes the background. Motives are interwoven with personality characteristics that develop early on in life and which are affected by the competitive culture of modern society. Neutralisations are generally available. Today’s society also provides a great many opportunities for crime.

What then can anti-crime agencies do to prevent economic offences? Agencies such as the police and the public prosecutor have few opportunities to affect the distal causes of crime that are grounded in the would-be perpetrator’s childhood and youth. Nor can these agencies alone have had any more than a marginal affect on the normative climate or prevailing societal culture. Attempting to prevent crime by having these anti-crime agencies attempt to affect the motivation of perpetrators would not therefore appear to constitute a particularly practicable option.

Contemporary culture provides an abundance of neutralisations. There is no lack of scandals in the media. One can read about the widespread use of black-market labour, leading figures involved in embezzlement, suspected cartels within the petrol retail and construction sectors, abuses of public funds and apparently quite unreasonable severance payment agreements and pension conditions. These phenomena facilitate the formulation of neutralisations which refer to misconduct up above. Here too, it is quite difficult for anti-crime agencies to affect and reduce the opportunities for the use of neutralisations.

Thus the remaining option is to reduce the opportunities for crime. In concrete terms, this involves changes in the conditions that facilitate the commission of offences, such as regulatory systems, agency controls etc. On this point too, though, the available opportunities are to be regarded as somewhat limited. This is because the anti-crime agencies are located at a considerable distance from the situations – the opportunities – where offences are committed.

Those able to affect these conditions are instead homes, schools and the education system. The societal agencies of control that are located closer to the situations in which offences are committed are of major importance. These include, for example, the tax authority and its informational and control activities (tax offences and accounting offences) and creditors’ controls of business partners (crimes against creditors and accounting offences). Legislators may also affect the opportunities for crime by introducing changes to regulations and systems of control. Further, trade unions, trade
associations, and in certain cases the managements, auditors and internal control functionaries of the companies themselves, can affect the available opportunities for crime. The agencies of crime control ought to be able to work in collaboration with those actors who can exert an effect on the criminal opportunity structure.

At first sight, this review may appear to present a rather bleak picture of the possibilities open to crime control agencies to prevent economic crime. It is difficult for these agencies to affect the propensity to commit offences, motives, the opportunities to develop neutralisations, or opportunity structures to any appreciable extent. As a rule, the anti-crime agencies only enter into the picture once an offence has been committed. Shearing (1997) argues that in terms of knowledge-oriented police work, the police constitute only one of a number of actors, and are often the least important among them.

In spite of all this, however, the agencies of crime control nonetheless have certain resources that may be used to prevent economic crime. Firstly, they possess a substantial amount of knowledge relating to this form of crime. This knowledge relates primarily to the structure of economic offending, but also to known offenders. And whilst this knowledge is certainly rather scattered within the organisations concerned and is rarely systematised to any significant extent, there is plenty of room to make improvements in this regard. Secondly, the agencies of crime control, with the exception of prosecutors according to the Swedish legislation, have an express mandate, as contained in the legislation, to work preventively. There is thus a basis for making advances in the area of crime prevention. In addition, there is a substantial expectation to see this happen both on the part of central government, and also, as can be seen from responses to the questionnaire, on the part of individuals within these organisations themselves, and others with whom they collaborate.

Knowledge on crime must be used in collaboration with other actors

Knowledge on crime – not least using it more systematically – and the task of preventing crime, constitute the keys to enabling the anti-crime agencies to work preventively to a greater extent than they have to date. In the area of economic crime, there are also a number of other actors who possess a substantial amount of knowledge on this form of offending, not least society’s control functionaries, such as the tax authority and the authority

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9 The Swedish Government’s strategy to combat economic crime (Skr. 1994/95:217) and the annual communications that the Government has subsequently presented to Parliament provide an example of this. An action plan has recently been introduced by the Government, mapping out how this work is to be continued over the coming few years (Skr. 2003/04:178).
responsible for the supervision of bankruptcies.\textsuperscript{10} These are also actors who can do a great deal – and probably more than anyone else – to prevent economic crime. Collaboration between society’s anti-crime agencies and these functionaries of control is therefore essential. The most important task of the anti-crime agencies is, together with other actors, to use their knowledge to act themselves or to facilitate the action of others.\textsuperscript{11}

**WORKING PARTNERS ARE MOTIVATED TO WORK PREVENTIVELY**

There is a great deal of interest in expanding the level of crime prevention work among those working with the issue of economic crime. This can be seen from the responses to the questionnaire.

![Figure 5. Proportions of responses on the need to prevent economic crime. August 2002.](image)

The results show that half of those responding are of the opinion that there is a very great need to prevent economic crime. Expressions such as *the need is enormous*, are to be found in longer and more descriptive questionnaire answers. There are also many who feel that there is a *great* need, and when those responding that the need is either *great* or *very great* are combined, the result becomes even clearer, with 90 per cent feeling that the need to prevent economic crime is either great or very great. Ten per cent chose to answer that they do not know how great the need is.

What is interesting is that nobody answered that the need was minor, non-existent or that what was being done today was sufficient, or quite simply that economic crime cannot be prevented and that it is therefore pointless to devote resources to this goal.

\textsuperscript{10} In Sweden, official receivers are appointed to administer the affairs of firms going through bankruptcy, to dispose of the company or its assets and to ensure that creditors are paid. As a rule official receivers comprise solicitors in private practice with a background in business law. Official receivers are under an obligation to investigate various questions and to report suspicions of crime to the prosecutor (Korsell, 2003).

\textsuperscript{11} As a result of the way the governmental brief was formulated, the focus is primarily directed at the agencies of crime control, but at heart it involves producing a knowledge-based strategy to combat economic offending where these anti-crime agencies constitute only one among a large number of actors.
WORKING PARTNERS SEE MAJOR ADVANTAGES FOR THE WHOLE OF SOCIETY

The motivation to work preventively is governed by amongst other things perceptions of the advantages associated with preventing economic offences. The findings show that a large majority of those who completed the questionnaire, irrespective of their occupational category, clearly view preventive work as producing benefits for the whole of society. It is the total effect that is important, i.e. that everyone benefits from the prevention of these crimes. Other advantages include a reduction in the case load at the various agencies involved. There were also respondents who answered strategically that preventing a debut in crime would lead to fewer so-called chronic offenders.

12 This finding corresponds both with the perception that there is a very great need for prevention, and with the responses to the question of whether we are doing more today than previously to prevent crime, where the majority either answered no or were undecided.
Diagram 6. Numbers of respondents presented by occupation, and answers to the question
“What advantages do you see associated with working to prevent economic crime?” August 2002. n = 342

Economic offences are in many ways easier to prevent than a lot of traditional crimes

Economic offences are difficult to detect, since they are concealed by the functional normality of the organisation and the legitimacy of the offender. These factors, which constitute a disadvantage in this context, also provide opportunities for the prevention of economic offences, however, since the crimes are committed within organisations with a large number of close and protracted contacts with potential agents of crime prevention in the form of employees, suppliers, creditors, control agencies, trade associations and trade unions (Kramer, 1992). In addition, there is a strong association between criminal activity and the legislation. These constitute major differences by comparison with many traditional offences, which are often committed completely outside of fixed structures of this kind (Kagan, 1984).

Looking at different economic offences systematically ought therefore to create favourable conditions for the prevention of these crimes, given that there are several possible approaches in the form of all the potential agents of crime prevention and their resources. The challenge lies in disseminating what is known about the possibilities that exist and in producing a level of knowledge that makes it possible to exploit all the approaches that are available.

Whilst there are substantial opportunities to prevent economic crime, there are also a number of obstacles, which have also emerged in the questionnaire survey. These are presented below.
KNOWLEDGE IS INSUFFICIENT AND DISORGANISED

Agencies not only face a major problem in systematising the knowledge that exists within a given organisation. Information is also dissipated across a large number of both anti-crime and control agencies. In addition, there is the knowledge possessed by the business community and trade associations, that acquired through research and that to be found at agencies in other countries. Further, knowledge on the prevention of economic crime is insufficient by comparison with that relating to traditional crimes\(^{13}\). Reducing these problems is an important issue for the future.

TOO MANY COOKS

In the questionnaire survey criticisms were directed at the fact that there are too many agencies working to combat economic crime. Several of those who completed the questionnaire are critical of the territoriality that exists between different agencies, which is in turn based *inter alia* on a lack of resources. This results in a lack of effectiveness.

One tax-offence investigator stated that *what is required is that everyone has a view of the overall picture and that territoriality is avoided. Everyone has to be aware of the fact that if you’re part of a collective resource, this collective resource is strong only if everyone is pulling in the same direction. More resources are required in order to actively seek out the offences.*

A NEED FOR INTERNAL GOALS

One tax-crime investigator included in the questionnaire survey pointed to the problem of *result-focused working practise* and stated that economic crime prevention work suffers since it cannot be measured and is therefore not given priority by the employer.

Research in the area of organisation theory shows that organisations function in such a way that the activities of members of staff are controlled so that they can either be rewarded or punished (Ahrne, 1990). Organisations tend to control their employees by carefully specifying standardised activity patterns and by linking organisational rewards and punishments to these (March and Simon, 1958). Work tasks are formulated on the basis of the possibility to co-ordinate and control them. As an example, Ahrne (1992) describes how a salesperson’s results are not in the first instance measured in terms of satisfied customers, but in terms of money in the till. For a social worker, the result is not linked primarily to a client having received help, but rather to having completed a form and having concluded a case. The results of a teacher’s work are not in the first instance pupils or students who have acquired new knowledge, but rather grades and statistics relating to examinations.

Translated to the anti-crime agencies, the most important task is not that of reducing crime and increasing levels of security, but that of dealing

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\(^{13}\) An anthology was published in 2003 by the Economic Crime Council (*Ekorådet*) containing essays on the prevention of economic crime (BRÅ, 2003:10). The Economic Crime Council is a collaborative organ comprising representatives from the central agencies working in the field of economic crime, both those with anti-crime and those with control functions.
with the reports that they receive and arriving at a decision in these cases. There is a form of control built into the way the work conducted in organisations is itself formulated. Filling out forms, receiving payments for goods and conducting examinations involve at the same time a control of the individual carrying out these tasks. These forms of discreet control mean that the organisation’s members are led in various ways to restrict the focus of their attention to what the organisation has defined as relevant (Ahrne, 1992). It is natural then that in an agency that deals with cases, the administration of these cases comes first, whilst crime prevention activities that are not suited to being measured quite so easily are not valued as highly (Korsell, 2003).

One means of pursuing the question of crime prevention is for the organisations working in the area of anti-crime work to formulate tasks and objectives in such a way that crime prevention activities can be measured and communicated within the organisation. Otherwise, crime prevention work is at risk of remaining a purely marginal phenomenon.

At the present time, the Swedish National Audit Office (Riksrevisionen) are conducting an inspection of the preventive work conducted by the Swedish police to combat traditional crime. The findings produced thus far show that the reporting routines relating to prevention work within the police service are very unclear, and that it is therefore not known how much or which aspects of the work in this area are actually reported. It is also difficult to steer the work of the police towards a greater focus on crime preventive measures in the absence of explicit reporting systems.

It is therefore important to be able to concretise the tasks associated with crime prevention instead of using general concepts. There is otherwise a major risk that crime prevention work will be reduced to Preventive Economic Control visits on a Friday afternoon as a means of easing oneself into the weekend.

CONFIDENTIALITY REMAINS A PROBLEM

Information is crucial to preventing and combating economic crime. This is due to the fact that economic offences are not as visible as traditional crimes. Information may therefore be required relating to a company’s previous tax payments, for example, in order to correctly assess whether there are indications of criminal activity.

The data collected via contacts established with persons working within the control and justice systems show both that there is a firmly rooted uncertainty as to what forms of exchange of information are actually prescribed by the confidentiality regulations, and that the regulations – to the extent that they have been elucidated – provide little scope for such exchanges.

Despite educational efforts, it is clear that levels of uncertainty remain high and that as a consequence, people either act in breach of the regulations or are overly cautious, which serves to impede their effectiveness. It is therefore important for the methodology of the agencies that
more work is carried out around the issue of confidentiality. One police officer working at the Swedish Finance Police\textsuperscript{14} stated that:

*It feels today as though the legislation is there for those who are committing offences; there are a lot of loopholes. It is difficult to get anyone convicted because of the various obstacles, such as confidentiality for example, data protection legislation, the regulations laid down by the Data Inspection Board, and so forth.*

**Agency Powers Are Also A Troublesome Area**

The interviews and the questionnaire survey also show that there is uncertainty as to what powers different agencies actually have in relation to these issues.\textsuperscript{15} One police officer working at the Swedish Economic Crimes Bureau\textsuperscript{16} stated that:

*The laws and instruments do not regulate the work in a satisfactory way. We are often uncertain and disagree as to what we are entitled and able to do in the context of this work.*

An officer of the enforcement service stated that:

*It also feels as though, now and again, we are operating on the frontiers of the legislation. What applies in the police's and the tax authority's PEC\textsuperscript{17} work does not seem to be altogether clear, for example. A year or two ago there was also a police investigation into the exchange of information between agencies. Prosecutors and enforcement officers also have different perceptions at times as to how joint “raids” should be carried out in practice.*

A chief district prosecutor working at the Economic Crimes Bureau pointed to the legal problems associated with controls, which sometimes constitute part of preventive work, and the obstacles relating to the confidentiality legislation:

*Collaborations between agencies are made more difficult by confidentiality regulations; prevention work is not actually permitted to involve controls. Special legislation would make things easier. Other actors attempt on occasions to carry out controls, which may be illegal in the*

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\textsuperscript{14} The Finance Police constitute part of the National Criminal Investigation Department and include an intelligence unit that primarily deals with cases relating to money laundering. The reports on suspected money laundering that banks and others are obliged to provide are delivered to the Finance Police.

\textsuperscript{15} Taxation agencies refer to the need to be able to make unannounced visits, for example, in order to inspect accounts.

\textsuperscript{16} A prosecuting agency at which both police and economists also work. The agency deals with a certain amount of the economic crime committed in the three metropolitan counties of Sweden and their surroundings.

\textsuperscript{17} ‘Preventive economic control’ – involving contacts with newly established businesses (Elmqquist, 2003). Syftet med besöket är att upplysa om gällande regler och förmå företagare till en store laglydnad.
presence of a police officer. If trade associations and the tax authority want to work as before, then the police authority may be not able to participate for legal reasons, despite the fact that crime prevention – at least in the classical sense – is primarily a task for the police. The principal responsibility cannot therefore be handed over to another agency!

How inter-agency collaborations are to be conducted, and who is permitted to do what, are important questions if certain types of practically functional measures are to be established.
5. Towards a knowledge-oriented approach to combating economic crime

*We have to start working more systematically.*
(Police officer, SØK)

Before discussing crime prevention measures, it is important first to take up the question of working in a knowledge-oriented manner, otherwise the work of crime prevention will never be successful.

In order to assist in preventing crime – rather than merely reacting to crimes that have already been committed and detected – one should know where these offences take place and which factors make them possible. Experiences from work with traditional offences show that the police often emphasise the means rather than the goals when working preventively (Goldstein, 1979). Police work has a case focus and the police rarely have a clear overall picture of the causes of the crimes in question (Korsell, 2003). Problem-oriented police work is based on the police resolving problems and focusing on the underlying causes of crime instead of merely reacting (Visher and Weisburd, 1998).

There is therefore a great deal that can be done to systematise the knowledge that exists. By charting the opportunity structures associated with different offences it also becomes possible to draw conclusions as to how these structures could be transformed (Clarke, 1990). In order to put preventive work worthy of the name into action in the area of economic crime, the work should be conducted in a problem-oriented manner. This method of working has primarily been developed within the local police organisation and will not be described in more detail in the present context (for a further discussion see Knutsson et al., 2003). The existing experiences of problem-oriented work against traditional offending need to be adapted to the area of economic crime, with its specific characteristics, such as the fact that the offences take place within the framework of legitimate and socially useful enterprises and that they are difficult to detect. One cornerstone of a problem-oriented approach is that the anti-crime agencies collaborate with other actors in order to prevent crime.

**Actual patterns of economic crime have to be charted**

Economic offences rely for their detection on the work of various agencies, and registered economic crimes are more a result of the ways in which society’s control functionaries conduct their work than of what the actual crime structure looks like (BRÅ, 2002:7; Korsell, 2003). In order to work in a problem-oriented manner in the area of economic crime, substantial effort
must therefore be devoted to producing a correct picture of what the actual crime situation looks like. Studying the statistics relating to reported offences, as may be done with many traditional crimes, is not sufficient. In the following, a number of methods are described that may be employed in problem-oriented work within the area of economic crime. Although these methods have not been evaluated, we have attempted to make a broad assessment of their respective preventive effects and the resource costs involved. The reason we have attempted to make these assessments relates to the objective of this report. The goal is to inspire the adoption of a new approach to this work, not to write exact instructions, which would not have been possible anyway.

### INTELLIGENCE WORK IN THE AREA OF ECONOMIC CRIME

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>General, particularly crimes that are difficult to uncover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Makes it more risky to commit offences</td>
</tr>
<tr>
<td></td>
<td>Expertise may also increase for all forms of preventive measures</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Relatively limited direct effect, but greater indirect effect since information may be used for many measures</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Substantial</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Leads to few criminal investigations</td>
</tr>
<tr>
<td>Advantages</td>
<td>Provides knowledge on the extent and structure of crime, important for credibility to strike against those offences that are difficult to uncover</td>
</tr>
</tbody>
</table>

The working group on the investigation of economic crime (SPANEK)\(^{18}\) proposed as early as 1979 that the police should continuously be generally attentive in relation to those sectors of the business community that experience had shown may be, or which as a result of special circumstances such as structural changes may become, likely areas for economic crime (*informative reconnaissance*). In this way, legislative measures, to take one example, could be initiated at an early stage. A more offensive form of reconnaissance was also proposed to focus on the charting of phenomena that might constitute offences, or persons who might be assumed to be involved in crime without there existing a direct suspicion of a concrete offence (*survey reconnaissance*). This might focus on strange money transfers within a certain sector or involving a certain individual, transfers of capital to other countries where no plausible relations exist between the business partners, supplies of goods or services that deviate from the norm as regards price or the amount of working hours involved, the establishment of new companies or other legal entities in certain sectors, etc\(^{19}\).

\(^{18}\) During the latter part of the 1970s, a number of creative projects were implemented in the area of economic crime, *inter alia* in order to create improved investigative methods to combat economic crime (Korsell, 2001b).

\(^{19}\) *Focused reconnaissance*, however, had the objective of establishing that crimes had been committed and elucidating the question of who might be suspected of having committing them. As examples, the inquiry mentioned work to chart individuals’ economic situation and networks.
The use of intelligence work focused on economic offending appears to have remained a neglected area since the 1970s. Today, the Finance Police conduct a certain amount of intelligence work in relation to economic crime. In addition, the Finance Police also deal with all reports of money laundering, which is often linked to economic crime. In principle, the criminal intelligence services (KUT) of the police authorities do not focus on economic offending at all. The tax-offence units have statutory authority to make use of intelligence registers. Their intelligence service is in the process of being built up. The same is true of the Economic Crimes Bureau.

The situation in Sweden is therefore such that no single authority is in possession of the whole picture as regards what is happening in the area of economic crime. Thus the level of resources devoted to intelligence work is low. The level of available resources appears to be made worse by the fact that the Finance Police are receiving an increasing number of offence reports as a result of the recent extensions to the obligation to report offences.

One problem is that both the tax-offence units and the Economic Crimes Bureau are building up intelligence operations at the same time as the police and the customs service are already conducting such activities. There is a substantial risk that this multiplicity of intelligence operations will lead to work being duplicated and thus to a lack of efficiency.

More progress has been made in Denmark. There the SØK has a central intelligence unit which gathers information and then passes it on. Work is now conducted in a project-focused manner, which is deemed to produce better results than simply collecting a mass of information. Money laundering reports also come to the central intelligence unit, providing an additional contribution to the picture of what is going on.

Experience from Denmark indicates that if intelligence work is conducted on too broad a front, it does not lead to very many criminal investigations. By contrast, a larger number of such investigations are initiated where intelligence gathering takes place on the basis of a more project-focused approach. In addition, the literature suggests that proactive intelligence work does not result in many concrete cases (Shapiro, 1984).

There are two factors that nonetheless motivate an increase in intelligence efforts. Firstly, it is important to compensate for the deficiencies of the control systems, which often detect obvious, and thereby less serious offences (Korsell, 2003). It is not the quantity that is important but rather the quality. The objective is to show that the risk of detection has increased since the work has become more proactive. Secondly, intelligence work provides a valuable contribution as regards what is going on and as to the sectors in which controls should be improved or in which other measures ought to be taken. This leads to an improvement in the conditions that make it possible to prevent crime at an early stage.

The SØK has five investigative groups that are specialised in different types of crime: such as asset stripping, crimes related to share trading and investment frauds. The advantage with this method is that expert knowledge is built up within these groups. It is no exaggeration therefore to say that these groups contain the country’s foremost experts in the respective forms of crime.
The SØK is legally entitled to analyse information given the lowest level of suspicion, which may arise as a result of an article published in a newspaper, for example. Its work also includes going through media reports. Intelligence can then be passed on, such as information from a money laundering report about individuals who have “too much” money.

CONTROL AGENTS ARE FIRST TO ACQUIRE KNOWLEDGE

It is important in the context of a preventive approach to discover new tendencies at an early stage in order to facilitate intervention and minimise the harm. As a rule, anti-crime agencies are not at the forefront of the chain of knowledge as regards new tendencies, since they seldom detect offences but rather investigate crimes that have been identified and reported by others. Those who first come into contact with tax and bankruptcy related offences are the tax authority, the official receivers and the enforcement agency. It is for this reason, incidentally, that the Økomkrim in Norway are of the opinion that it is better for agencies with a control function to conduct intelligence operations rather than anti-crime agencies. Thus the Økomkrim has no interest in building up an intelligence operation of its own. Other control functionaries play the same role as the tax authority, the official receivers and the enforcement agency in relation to other forms of economic crime. Besides these, there are those who suffer as a result of the offences, such as businesses and individuals that are the victims of frauds, for example.

In many parts of the country there is an organised collaboration between the anti-crime agencies and agencies with a control function. These forms of co-ordinated activity are very important.

THOSE PROVIDING INFORMATION MUST GET SOMETHING IN RETURN

When the SØK established its central intelligence unit during the 1980s, a routine was introduced whereby intelligence personnel visit the local police districts and prosecutors’ offices on an annual basis. The goal of these visits is to establish what the central intelligence unit may provide by way of information and to emphasise how important it is that information comes in from the field. Experience has indicated that such visits increase the amount of intelligence that is gathered, and they have the advantage of showing actors at the local level that the information is put to use. The collaboration produces a positive spiral which provides further information. Common questions from police and prosecutors relate to modus, individuals and companies. The Swedish Finance Police have also found that when information is provided to companies and the public, information is also provided in return. It is therefore important to have several supportive systems in place that produce a situation in which there is an inflow of information. The Finance Police also work to give feedback and provide information on what is happening in the context of their investigations (which they refer to as reports).

20 These visits are now somewhat less common as a result of a lack of resources.
The results of tax audits, research and other sources should be exploited

Knowledge on hidden criminality is an essential prerequisite for a correct description of trends in crime. A lack of knowledge on hidden criminality may lead to incorrect conclusions about crime trends and mistaken evaluations of anti-crime and crime prevention measures, and to mistakes in the direction of these efforts (Persson, 1972).

It is therefore essential that the information collected in criminal investigations is collated with information from other sources, not least that which may have something to say about the dark figure. Otherwise there is a risk that too much attention will be focused on visible crime, which need not necessarily include the most serious criminality (Korsell, 2002 & 2003). This includes the experiences acquired through the work of control agencies, and not least random audits. The tax authority, for example, has conducted surveys of different business sectors and also produces findings based on its ongoing auditing activities. Existing research may also be utilised. This includes international research.

One study of the reports on economic crime that are annually furnished to Europol by the EU member states shows that the data on which these reports are based is limited (Vander Beken et al., 2004). In Sweden, for example, a not inconsiderable proportion of the knowledge relating to organised crime is collected by way of interviews with police conducted within the police service itself. There is therefore a substantial risk that the knowledge-base will be too narrow for making correct assessments.

<table>
<thead>
<tr>
<th>TWIN TACK – CRIMINAL INVESTIGATIONS ARE ALSO USED TO PREVENT CRIME</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of crime</strong></td>
</tr>
<tr>
<td><strong>Prevention</strong></td>
</tr>
<tr>
<td><strong>Assessed preventive effect</strong></td>
</tr>
<tr>
<td><strong>Resource costs</strong></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
</tr>
</tbody>
</table>

The collection of information need not be complicated but may begin with the material that is already available, but which is seldom employed for the purposes of prevention. If the anti-crime agencies returned to the information produced by their investigations and studied these together with the question of what made these crimes possible, it ought to be possible to identify weaknesses in the legislation, in agency controls, in the routines of business partners etc. which could then be used for the purposes of prevention.

Systematically going through and analysing material of this kind ought to produce a good deal of knowledge. As a result of the systematic methods employed, this knowledge might then provide a substantial amount of
credibility and could be passed on to those actors who have a practical opportunity to do something about the problem, such as the agency concerned itself, agencies with a more control-based function, legislators, trade associations and so forth.

This method for employing the material produced in the course of an investigation in two ways – to tie the offender to a suspected offence and to draw preventive conclusions – has been given the name Twin Track (Dekker, 2000).

The use of Twin Track means that simply because a given investigation does not result in a conviction does not mean that it must be viewed as a failure. Instead, valuable prevention-related conclusions may be produced, which may lead to offences being eliminated in the future\(^\text{21}\). These experiences can also be disseminated within the justice system by means of the Knowledge database (see below). A *failed* investigation may in this way become one which produces the greatest benefit, not by tying a specific offender to a specific offence but by stopping many would-be offenders from committing crimes.

The Swedish National Tax Board has formulated a reporting system for its tax-offence units whose implementation is planned to begin during the year 2005 (SKV, 2004). When a criminal investigation is concluded, information produced in the course of the investigation will be registered in a certain way by means of a computer programme. A central analysis unit will be formed with the task of compiling and analysing this information. The objective is to utilise all criminal investigations by systematically reviewing them and storing information that may be of significance for the prevention of similar criminal activities in the future. Appendix X presents the types of information from such investigations that is planned to be registered.

The National Tax Board’s initiative is very interesting and is likely to produce a number of positive effects. To take one example, the National Tax Board will be able on the basis of a solid empirical material to present good reasons for the need to introduce legislative changes and other measures. In other words, the National Tax Board will find itself in a very good negotiating position when it comes to getting other actors to implement crime preventive measures. It will of course also be possible to utilise the knowledge produced in order to steer the focus of control activities and other measures and interventions on the part of the tax administration.

\(^\text{21}\) This approach may be viewed as compensating for the way in which agencies tend to deal with cases one at a time: Cases enter the system one by one, and they are processed one by one. This creates an intelligence gap about the relations among and between cases. It is difficult to link patterns of illegal behavior to single or similar violators and thus to deal with the sources rather than merely the symptoms of these patterns. (Black, cited in Hawkins and Thomas, 1984:12)
### KNOWLEDGE DATABASE ON CRIME PREVENTION MEASURES

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Very varied</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Very varied</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Medium, provided the database also meets other needs</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Demanding as regards introduction, need for continuous update and development and to make it interesting for users</td>
</tr>
<tr>
<td>Advantages</td>
<td>Creates conditions for dissemination of information within the individual agency and across different agencies</td>
</tr>
</tbody>
</table>

The SØK in Denmark maintains a register known as the “Visdomskartoteket” (“Wisdom file”). To date the register has been maintained manually, but it is now to be computerised. It contains a large amount of legal information on economic offending, such as evidentiary requirements and suitable investigative methods associated with different types of offence. The register is organised by sections of the legislation. In this way, all relevant knowledge can be kept together and updated in a way that is most useful for police officers and prosecutors across Denmark. The ‘Wisdom file’ is highly valued and has reportedly contributed to an improvement in the effectiveness of the work conducted by the anti-crime agencies.

A similar ‘knowledge database’ could be produced by the anti-crime agencies in Sweden. If it were, then it ought also to contain information about economic crime prevention measures. In this way, for example, methods, evaluated projects, positive and negative experiences and references to relevant literature could be made available. One possible approach would be to make the database accessible via the agencies’ respective intranets.

The Swedish Economic Crimes Bureau has developed a computerised system for storing interesting information on economic crime (Quaint, 2003). This ‘Ecobank’ contains information on important court judgements, modus operandi etc. The Ecobank is also employed as an informational forum.

### SHARING EXPERIENCES OF PREVENTIVE METHODS

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Very varied</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Very varied</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Medium</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Requires long-term work</td>
</tr>
<tr>
<td>Advantages</td>
<td>Creates conditions which facilitate the dissemination of knowledge within individual agencies and across organisations</td>
</tr>
</tbody>
</table>

As a complement to the knowledge database, conferences and seminars may be arranged to facilitate the exchange of experiences gained working with
different preventive methods. Information collected during visits to different agencies indicates that it is rare for agencies to share their experiences of preventive measures in this way, either with other agencies or across regional offices within the same agency. Cross national inter-agency exchanges of this kind are very rare indeed.

One example of such an exchange of information can however be found in the anthology published by the Economic Crime Council, which contains a number of articles on the prevention of economic crime (BRÅ, 2003). The articles included in this anthology illustrate the importance of thinking preventively across the whole length of the control and justice process, from the way in which this work is steered by Parliament and the Government, to the ways in which public sector agencies and other functionaries of control work in the field. Another example can be found in a handbook which presents a systematic review of a large number of crime preventive proposals on the theme of reducing cheats and fiddles and the over-exploitation of various economic systems such as benefits and taxation (Korsell and Nilsson, 2003). The handbook also communicates the importance of adopting a comprehensive view of preventive issues.

In the area of traditional crime, however, experiences of this kind are shared between local crime prevention councils. The Swedish National Council for Crime Prevention has published a large number of books providing tips on how traditional crime may be prevented, first and foremost by means of collaborations at the local level. If work in the area of economic crime prevention is to expand substantially it is important to see that examples of good practice in this area are disseminated through society. The organisation of seminars or conferences and the production of documentation may therefore be appropriate.22

<table>
<thead>
<tr>
<th>EVALUATION</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of crime</td>
<td>General</td>
</tr>
<tr>
<td>Prevention</td>
<td>A means of achieving effective prevention</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>A means of achieving effective prevention</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Medium</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>May measure the wrong things on occasion</td>
</tr>
<tr>
<td>Advantages</td>
<td>Increased effectiveness</td>
</tr>
</tbody>
</table>

The evaluation of measures that have been implemented is of fundamental importance within the context of a knowledge-oriented approach. Without evaluation there is a risk for ineffectiveness. In spite of this, evaluations are not all that common. It is important to be wary, however. Within the area of crime prevention, means and ends have been known to swap places, something which is not always noted if evaluations are not conducted.

22 The importance of systematic exchanges of experiences for agencies with control and supervisory functions has been emphasised on several occasions. See inter alia *Kontrollen inom välfärdssystem och inkomstbeskattning* [Control within the welfare system and income taxation], RRV 1999:39A and the report of the governmental Supervisory Commission *Statlig tillsyn. Granskning på medborgarnas uppdrag* [State supervision. A review on behalf of the public] (SOU 2002:14).
employing scientific methods (BRÅ, 1997:2). To take one example, participation in clubs and organisations may be specified as a means of preventing youth offending. Evaluations may then show that the project has produced a positive outcome in terms of an expanded membership within the organisations concerned. This merely constitutes an assessment of the means, however, and not of their effects.
6. Prioritisation and risk assessment

It is essential to prioritise since there is always a scarcity of resources. But how should we prioritise? Experience has shown that crime prevention work is rarely based on the charting and analysis of a given issue (compare problem-oriented police work), either in terms of the preventive organisation’s characteristics and needs or of the problems that are to be prevented (Torstensson and Wikström, 1994). Instead, preventive work tends to be guided by trends and ideas and by the experience of others. It is therefore necessary, as a part of the problem-oriented approach, to formulate some form of risk-assessment model in order to be able to differentiate in a structured manner between what is important and what is less important.

Work to combat economic crime is case-focused, and in practice it is the tax authority and official receivers that determine where the anti-crime agencies are to focus their efforts (Korsell, 2003). This may not be the approach that produces the best possible results in terms of reducing crime. A greater measure of proactive work conducted on the agencies’ own initiative may therefore produce a more substantial effect (Kagan, 1984).

Risk may be defined as the likelihood that something negative may occur (= a threat) multiplied by the harm involved (RSV, 2002; Tullverket, 2001). In order to estimate the size of a threat, one has to take into account such factors as the probability that something may occur as a result of amongst other things the intentions of potential offenders and their capacity in terms of resources, knowledge and organisational structural factors (cf. Black et al., 2000). To assess the damage involved, a categorisation of different forms of harm may be employed. The following are taken up in one particular review of different forms of harm (Korsell and Heber, 2002):

- economic injury
- health and social problems (such as personal injury and unemployment)
- environmental damage
- harm to confidence and morale (often included in the social injury concept)
- ear and insecurity (often included in the social injury concept)
- damage to business conditions (such as unfair competition)
- harm to the justice system (such as corruption)
- political harm (to the democratic system)
- harm to international relations

Organised crime may also harm the democratic system (political harm). A risk assessment model is presented below which begins by describing diffe-

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23 Control agencies are also case-focused. Kagan (1984) provides an example of inspectors of working conditions who devote too little time to dangerous workplaces, instead focusing their control efforts on workplaces that for the most part function well, but where a lot of complaints are recorded as a result of the fact that staff members are allowed a substantial amount of influence.
rent forms of conduct. Three types of conduct are presented by way of example. The model follows a list produced by the National Tax Board which takes up a large number of different forms of misconduct. Thereafter a number of different forms of harm are presented in line with the model employed by the Swedish Customs Authority. For the sake of simplicity, the presentation only takes up economic and social harms. It would of course be desirable to present numerical estimates of the size of the injury involved, but in many cases this is virtually impossible. Instead, these injuries must be described as well as is possible in words. In addition, the threat must be assessed for each specific type of harm. On this point too, it would be desirable to present a quantified estimate of the size of the threat in figures, but once again it will probably be necessary to describe the nature of the threat in words. The respective harms and threats are then summed and the assessed risk for each type of harm emerges. In this way, a large number of forms of conduct can be risk-assessed in a single context. This facilitates the analysis of what may be done and by whom.

**RISK ASSESSMENT MODEL**

<table>
<thead>
<tr>
<th>Criminal offence (broken down into sub-categories)</th>
<th>Alcohol smuggling (commercial)</th>
<th>Alcohol smuggling (for household consumption)</th>
<th>Distribution (retailer of smuggled alcohol)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic harm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threat (probability)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social harm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threat (probability)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk (harm x threat), estimating different risks in isolation depending on the type of harm involved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory of counter-measures against the respective threats and/or risks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory of resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice of counter-measures (prioritisation)</td>
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<tr>
<td>Results</td>
<td>Evaluation</td>
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<tr>
<td>New risk assessment</td>
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</table>

When the risks have been assessed, there remains the task of conducting an inventory of possible measures that may be taken, as well as of the resources available, and deciding who is to do what. Risk assessments must be carried out in collaboration with other actors, and first and foremost with society’s agents of control. The goal is to determine who should do what.

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24 Following Korsell and Heber, 2002
To take one example, measures might be introduced to deal with a given area of risk which involves the tax authority increasing informational efforts whilst at the same time letting it be known via the media that the area was to be subject to intensified monitoring. Special resources are devoted to control, and the anti-crime agencies may also focus certain of their intelligence and reconnaissance resources in this area. Further, work can be done to ensure that a number of criminal cases are quickly brought to the fore. In this case, the combination of measures employed means that the main focus lies with the tax authority. Finally, a determination has to be made as to whether the measures have produced the desired result. At the same time, the model continues to be filled out with information on changes in the offences, and in the level of threat. The risk assessment must maintain vitality and be continuously ongoing.
7. General experiences of crime prevention – what works?

There is no standard solution

Perhaps the most important lesson provided by experience in this area is that there is no general preventive method that may be applied across different types of crime (Visher and Weisburd, 1998). The problem with earlier preventive measures was that they did not take the substantial variations among offenders and offences into account. Since there are a large number of different causes of crime and opportunities for crime, a large number of methods are also required to prevent them. Visher and Weisburd (1998:229) cite Clarke, who argues that:

(...) recent preoccupation with offender pathology and the desire to construct general statements about crime, deviancy, and rulebreaking have consistently diverted attention from the important differences between types of crime, the people committing them, the nature of the motivations involved, and the behaviors required.

In the area of economic crime, preventive work has to a large extent involved informational efforts and PEC-visits. Just as agencies attempted to prevent traditional crime by means of a limited number of measures, with poor results, the agencies working in the area of economic crime can also be criticised for employing a small number of standard solutions in connection with a large number of different offences and offenders.

It is therefore necessary to realise that offenders are individuals and different from one another. In addition, criminogenic situations occur in an almost limitless variety. If we bear this in mind, we will also work with a large number of different crime prevention measures.

It is advisable to use a large number of measures in relation to a single type of offence.

Many different types of preventive measure should be put in place in order to prevent a single type of offence (Lehtola and Paksula, 2000). To exemplify, one programme to reduce levels of burglary in the U.K. involved the introduction of no less than 300 different packages of preventive measures.

In order to counteract a single type of economic crime, it may therefore be advisable to introduce some form of programme, which might include a broad range of measures, such as legislative changes, control measures and intelligence work, for example.

Preventive measures must be focused

The types of criminal acts and offenders involved also determine the type of measures that should be introduced (Visher and Weisburd, 1998). Once again, the large variety of offences and offenders makes it essential to produce
an adequate response if the objective is to prevent a given behaviour. Experience has also shown that preventive programmes that have failed were never properly introduced.
8. Situational prevention of economic crime

(...) we see the offender as a thinking person, as a person who makes choices that are rational and sensible from his or her point of view. (Lehtola and Paksula, 2000)

Levi (2001), who has considered what works to combat economic crime, argues that measures should be focused on three approaches.

1. Measures to increase the risk of detection and to reduce the opportunities to commit offences (opportunity).
2. Measures to reduce the opportunities for neutralisation (combating the verbalisations and excuses associated with criminal acts).
3. Creative measures aimed at making it possible to become successful without breaking the law.

The use of situational crime prevention allows measures to be focused in accordance with points 1 and 2 above. Situational crime prevention proceeds from attempts to affect the opportunity structure in such a way as to make it more difficult or risky to commit offences, to reduce the rewards of crime and to reduce the opportunities available to make use of neutralisations that facilitate crime. Reducing the opportunities for employing excuses means combating the conditions that promote the use of neutralisations.

Situational crime prevention is forward looking, recognising that the offender has intentions and weighs up alternatives prior to the commission of the offence. The offender is assumed to make choices and to act in accordance with some form of rationale. One such choice would involve deciding not to commit an offence! It is therefore a question of introducing situational measures that produce the desirable choice.

Current economic crime research (Weisburd et al., 2001:4) emphasises the importance of the immediate context of the offence as the decisive factor in explaining why ordinary people engage in crime. Those previously described as opportunity takers fit well with this description. This would suggest that one should more or less accept that certain individuals are opportunists, and that it is therefore important to reduce the opportunities for crime by means of preventive measures.

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25 Point 3 relates to measures that lie beyond the sphere of influence of society’s anti-crime agencies.
Weisburd et al. (2001) found that both crisis responders and opportun-ity takers followed a rational choice model for the commission of crimes, i.e. they made a calculation of the risks and benefits involved. The belief is that the commission of a crime proceeds from a process of rational assessment. Alongside rational choice, there is also routine activities theory, which proceeds from the fact that three elements have to coincide in time and space if a crime is to be committed:

- a motivated offender
- a suitable object
- the absence of capable guardians.

The theory takes the motivated offender as given and focuses instead on the remaining two factors (Felson and Clarke, 1998). Routine activities theory was developed as a means of explaining traditional crime, but translating it to the area of economic offending, capable guardians may be likened to various forms of control system. Consumers who demand a receipt might also be regarded as guardians. It is a question of safeguarding the object of crime and of creating the conditions required for control.

Situational crime prevention has been criticised on the grounds that a motivated offender who is prevented from committing a certain offence by means of situational factors may instead choose a different time or place for the offence, may choose to commit a different offence or change the object or methods involved (displacement). A review of the research shows, however, that whilst displacement effects are certainly a possibility, they do not always occur. In addition, when there is displacement, it is usually of a rather limited character.

There are also positive displacement effects, since a presumptive offender may overestimate the level of preventive measures in place and perhaps the risk of detection too. The effort involved in the commission of an offence may also be overestimated – which would involve a reduction in the reward associated with the crime – as a result of a displacement of the reduced attractiveness of crime across other objects than those that the preventive measures are intended to protect.

A number of preventive measures are presented below that may be used by anti-crime agencies. Common to all of them is the fact that they are of a situational character. The methods are grouped into the following categories (Clarke, 1997), comprising measures that:

- increase the perceived efforts to commit offences
- increase the perceived risks associated with committing offences
- reduce the anticipated rewards of crime
- reduce the available excuses associated with the commission of crime.

There is also a link here between classical theory on general prevention, which to a large extent motivates the repressive work conducted by the anti-crime agencies, and situational crime prevention, in that both proceed from a rational actor weighing alternatives. The advantage situational crime prevention has over general prevention is that in the case of the former, the prevention work takes a much broader form than simply relying on the threat of sanctions.
The first three points are easy to understand. Their role in the context of a given situation is to “raise the costs” or “reduce the rewards” associated with the commission of an offence. These situational drawbacks should reduce the number of offences. The final point may require a more detailed explanation, however. Counteracting the excuses that facilitate crime involves reducing the opportunities for the use of rationalisations and neutralisations (Gabor, 1994). Even if an individual shares that values underlying the legislation and is of the opinion that it is basically good, there are nonetheless mechanisms that may result in such an individual breaking the law. This is particularly important in relation to economic offences, which are often committed by individuals who normally act in accordance with the rules and share the majority of the values prevalent in a given society but nonetheless act in breach of certain regulations. One important factor that has been emphasised in this regard is access to rationalisations that justify the illegal behaviour. These rationalisations function as important motivating factors, since they are employed prior to the commission of the offence. As earlier mentioned examples of such rationalisations include: “The crime won’t hurt anyone,” “The crime won’t hurt anyone who is poor,” “The crime is necessary,” (in order to survive or to achieve a more important goal), or “Everybody else does it,” (Lindgren and Theandersson, 2003). Where do these rationalisations, or neutralisations as they are usually called, come from? The research conducted in this area has focused on the occurrence of different subcultures that may emerge at individual workplaces, within certain industries and in different forms of business culture within the larger business community (Lindgren and Theandersson, 2000). These furnish generalisations that may be used in order to legitimise criminal acts. Cressey (1953:137) has expressed this in the following way:

*Each trusted person does not invent a new rationalization for his violation of trust, but instead he applies to his own situation a verbalization which has been made available to him by virtue of his having come into contact with a culture in which such verbalizations are present. Cultural ideologies which sanction trust violation are in basic contradiction to ideologies which hold non-violation as the norm, and in trust violation the trusted person applies a general rule to his specific case.*

Thus the persons who commit these acts, but who are for the most part law-abiding in their activities, need to exculpate themselves for their behaviour by explaining it away. The preventive measures whose objective is to counteract such excuses do so by making these neutralisations more difficult.
Methods that increase the perceived efforts to commit offences

<table>
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<tr>
<th>DISRUPTING ONGOING ACTIVITIES</th>
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<tbody>
<tr>
<td><strong>Type of crime</strong></td>
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<tr>
<td><strong>Prevention</strong></td>
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<tr>
<td><strong>Assessed preventive effect</strong></td>
</tr>
<tr>
<td><strong>Resource costs</strong></td>
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<tr>
<td><strong>Disadvantages</strong></td>
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<td><strong>Advantages</strong></td>
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The anti-crime agencies may disrupt ongoing crime by means of investigative activities. Thus the objective need not be to produce an offence report or to initiate an official criminal investigation in a specific case. What is important is that the criminal activity is interrupted. The special unit at the Economic Crimes Bureau in the Swedish city Malmö carries out disruptive activities amongst other things.

Joint inter-agency actions such as a recent operation focused on cleaning up the pub and restaurant sector (“Operation Krogsanering”), have a disruptive effect on ongoing activities. Despite the fact that PEC-activities are as a rule focused purely on the provision of information, it is highly likely that businessmen overestimate their significance in relation to the detection of offences. As has already been mentioned, this is related to the fact that individuals do not clearly distinguish between the provision of service and the conduct of controls in the same way as agencies do.

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<th>PUBLIC PROCUREMENT</th>
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<td><strong>Type of crime</strong></td>
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<td><strong>Prevention</strong></td>
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<td><strong>Assessed preventive effect</strong></td>
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<td><strong>Resource costs</strong></td>
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<td><strong>Disadvantages</strong></td>
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<td><strong>Advantages</strong></td>
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The public sector is one of the largest purchasers of goods and services from business sectors that suffer problems with economic crime. This is true for the taxis employed for the purposes of transporting the elderly and handicapped, for example, the cleaning of schools and administrative buildings and building and construction works. The position of power that is associated with being the purchaser of these goods and services could be better exploited in order to ensure that public funds do not find their way into the pockets of economic offenders. Improvements to the routines employed in connection with public procurement could lead to the exclusion of economic offenders or could render it more difficult for them to commit offences (SOU 1997:111). Improved routines may also make it more difficult to manipulate the procurement process via the illegal steering of purchases to certain suppliers (Levi, 2001).

There are a number of methods for improving the routines employed in association with procurement. To take one example, a system known in Sweden as ‘Prevision’ involves the conduct of controls whose objective is to ensure that suppliers and their subcontractors are registered as employers and have no tax debts. ‘Prevision’ has been applied in connection with the major Swedish infrastructure improvement projects (RSV, 2001:9).

The anti-crime agencies may help stimulate the application and development of methods to safeguard public procurement. Together with other actors such as the tax authority, trade associations and the trades union movement, information may be provided as to how those responsible for public sector purchasing should act. Amongst others, employers’ and employees’ organisations within the cleaning sector have worked actively to improve the procurements process by teaching the purchasers how to avoid problems (SOU 1997:111). In Norway, the equivalent of the Swedish National Association of Local Authorities and the tax authority, together with the employers’ and employees’ organisations have increased control of the public sector procurement process by means of a licensing system labelled “Ren Utvikling” (Tiltaksplan) aimed at combating the use of black-market labour. In addition, a checklist has been sent to public sector buyers as a means of assisting them in checking suppliers.

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<tr>
<th>INCREASING AWARENESS IN ORDER TO RENDER CRIME MORE DIFFICULT</th>
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<td><strong>Type of crime</strong></td>
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<tr>
<td><strong>Prevention</strong></td>
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<tr>
<td><strong>Assessed preventive effect</strong></td>
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<td><strong>Resource costs</strong></td>
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<td><strong>Disadvantages</strong></td>
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<td><strong>Advantages</strong></td>
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Clarke (1990) argues that it is possible to prevent crime to a certain extent by increasing levels of awareness about it. By clarifying what crimes look
like, who suffers as a result, and by disseminating this information, it is possible to produce a common way of looking at crime, based on reasonable points of departure.

Croall (1992; 2004) has reviewed the victims of economic crime and shows that private individuals are to a large extent victimised by economic offences in the same direct way as is the case with traditional forms of crime. This victimisation is related to dishonest tradesmen, poor or dangerous working environments, disreputable advisors, unhealthy residential areas as a result of environmental crime etc. “Exposing” the victims of economic crime leads to an increased awareness of this form of offending, which is necessary if economic crimes are to be prevented.

Crime prevention work ought to utilise knowledge on how offences are committed in order subsequently to inform those actors who can do something about the crimes in question. The measures need not exclusively involve making it more difficult to commit offences, but may instead involve increasing the risks associated with the commission of crimes or affecting another of the preventive situational factors. The Finance Police and the Swedish Financial Supervisory Agency (Finansinspektionen), like the SOK in Denmark, therefore maintain contacts with banks and other financial institutions in order to provide information about different forms of modus employed in connection with money laundering. The advantage associated with externally focused work of this kind is that it may lead to an increase in the number of reported offences.

One police officer working at the Economic Crimes Bureau emphasised the importance of being visible:

Since we started working with preventive work, a number of different organisations both from the business community and the trade unions have contacted us and provided us with information on subjects that may be suitable for closer examination. Contacts of this kind increase the more we get a reputation for being visible out in the field and conducting outreach work.

Various forms of economic crime victimise the business community, such as crimes against creditors and frauds. The traditional way of protecting oneself has been for the business community to increase levels of business controls in the customary fashion. In this situation, the anti-crime agencies may contribute with expertise based on the systematic studies that they are able to conduct of criminal investigations and court judgements, in order to identify the deficiencies that could be dealt with by means of preventive measures.

The Finance Police are of the opinion that a lot of information that might be collected from the business community is lost as a result of the low propensity to report economic offences that affect businesses (cf. Clarke, 1990; Levi, 1987). Nor are there any fixed structures in place whose objective is to collect information from the business community. Those exchanges that nonetheless do take place are often tied to relations that develop between specific individuals and are of a rather ad hoc nature.

The advantage of a more structured collaboration with the business community is that it would increase levels of confidence in the justice
system, which ought to lead to more offences being reported. These contacts may be developed into a crime preventive collaboration.

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<tr>
<th><strong>HANDBOOKS FOR CONTROL AGENCIES AND OTHERS</strong></th>
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<td><strong>Type of crime</strong></td>
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<td><strong>Prevention</strong></td>
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<tr>
<td><strong>Assessed preventive effect</strong></td>
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<td><strong>Resource costs</strong></td>
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<td><strong>Disadvantages</strong></td>
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<td><strong>Advantages</strong></td>
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Since 1997, Denmark has had a Contact group against economic crime. The body includes amongst others representatives from ten ministries, from local authorities and from the SØK. Under the contact group there are a number of different working groups which inter alia distribute handbooks and pamphlets. The focus is directed at different ways in which the agencies can provide support for one another in the form of information in order to improve their control work and in doing so make it more difficult to commit offences. The basic idea is that a body of expertise such as the SØK cannot monitor everything, and that it is therefore necessary to develop a collaboration between different agencies.

One example of work of this kind can be found in a handbook on how agencies might be able to work together in relation to firms that are in the process of setting up or liquidating (SØK, 2001a). The book contains a description of the information contained in different registers, of the areas in which there are opportunities for the agencies to work together, an account of the tasks performed by the different agencies etc.

The background to the handbook is that each agency manages its own information. But if the information collected by several different agencies can then be collated, the risk assessments of each individual agency can be improved. The Contact group therefore felt that there was a need to stimulate levels of collaboration between agencies that may come into contact with crimes associated with the establishment and liquidation of firms.

Another example from the work of the SØK relates to a guide (handbook) on indicators of money laundering (SØK, 2001b). It contains a long list of methods for money laundering – such as over- and under-billing, shifts in import and export patterns and expensive lease cars – and of the indicators associated with these methods. In addition, it contains a description of the information available at other agencies that may help to identify money laundering operations.

Finally, the SØK has published a handbook on how to find out who actually owns a given firm and how to assess businesses in connection with
examinations of their eligibility for business support grants (SØK, 2000). The handbook contains information on how to search for information of this kind in national and overseas registers, employing the internet for example.

Examples of handbooks that might be produced in Sweden include guides on methodology, competence and confidentiality in relation to cross-agency collaborations of various kinds. Pamphlets may be produced as a means of spreading good examples. Work of this kind could be carried out by cross-agency working groups. In certain cases, it would be valuable to work together with additional actors, such as representatives of the business community and trade union organisations.

<table>
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<tr>
<th>&quot;PRESSURE COOKING&quot; LEGISLATIVE PROPOSALS (CRIME-PROOFING)</th>
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<tr>
<td><strong>Type of crime</strong></td>
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<tr>
<td><strong>Prevention</strong></td>
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<td><strong>Assessed preventive effect</strong></td>
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<td><strong>Resource costs</strong></td>
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<td><strong>Disadvantages</strong></td>
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<td><strong>Advantages</strong></td>
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“Crime-proofing” legislation involves attempting to ensure that new or altered regulations cannot be exploited for criminal purposes (Albrecht et al., 2002). One of the cornerstones in the Swedish Government’s national programme to combat everyday crime from 1996 involved conducting assessments of the likely effects of amongst other things legislative proposals on crime and crime preventive work (Ds1996:59). 27 Assessments of this kind are particularly important in the area of economic crime since these offences often exploit or are directed at regulations not directly associated with the criminal law. Korsell (2000 and 2001) has developed a model to assists in the application of a systematic approach to preventive thinking in the context of legislation. The model is based on the work of Felson and Clarke (1998) and in fact relates to measures employed to combat traditional offending.

One important method available to the anti-crime agencies is to systematically make use of their knowledge about crime in order to affect the legislation. In Denmark the SØK can be seen to have come a particularly long way in this regard since they are included in a contact group and provide support to the Ministry of Justice. The contact group includes amongst others representatives from ten ministries and local authorities. Through its position in the contact group the SØK is able to

27 According to Paragraph 15 of the Committee Regulations (1998:1474), such assessments are to be conducted in committee.
provide advice to the Government in relation to legislative matters. This work may typically make it more difficult to commit offences, but there are also other ways of preventing crime.

One variation on the crime-proofing theme involves making legislators aware of existing regulations that create opportunities for crime. Approaching legislators with requests regarding legislative changes is a well-known phenomenon, in the context of which agencies working in the field of economic crime find themselves in competition with a large number of other interested parties. A long list of requests for change are regularly brought up in relation to the reporting systems that have emerged in the area of economic crime since the mid 1990s. It is likely that these would have more effect if proposed legislative changes could be included as one stage in a systematic crime-proofing process and that better information could then be produced – as part of a system of knowledge-based anti-economic crime work. In combination with a structured risk assessment process, this ought to produce better opportunities to have an effect than is the case today.

In Sweden, legislative needs are investigated, and proposals formulated, in committees. The composition of these committees may vary, but one is typically appointed to lead the work of formulating new legislation. The chairperson is usually someone of considerable social status, and of substantial experience. One or more secretaries are then appointed to the committee, with these usually being drawn from among the ranks of court lawyers. A number of experts are then appointed, from various departments of state, for example, public sector agencies, the business community, the trade union movement and other similar bodies and organisations.

One way of complementing the work of crime proofing would be to actively participate in the committee system in order thereby to have an effect on legislative reforms from the ground up, rather than merely presenting opinions on legislative proposals that have already been formulated. As a rule, the anti-crime agencies are represented on inquiries that relate to clear-cut ‘cops and robbers’ issues. On the other hand, these agencies are never or at least very rarely included when concrete tax regulations are reviewed or when proposals relating to support grants for businesses, student grants or welfare benefits are formulated. These constitute examples of areas where economic offences take place and where it is important to exert an influence at an early stage in the legislative process.
Crime-proofing can also be used in other areas than that of legislation. The goods and services produced by businesses can be fashioned so as to be less likely to become either objects of crime themselves, or of use in connection with the commission of offences. Proposals have been put forward, for example, to establish the use of taxi-meters and point-of-sale tills that cannot be manipulated in cash-based trades (EBM, 2002, SOU 1997:111). One classic example is the recommendation that proof of identity be required when paying by cheque, as a means of reducing levels of cheque fraud (Knutsson and Kühlhorn, 1980). The existence of clear rules for the conduct of inspections in relation to damage claims has served to reduce the number of insurance frauds (Ahlberg and Abrahamsson, 1994). There are also good examples of having reduced credit card frauds through the exchange of information among credit card companies and the use of secure routines when sending cards to card-holders (Levi, 2001).

Anti-crime agencies can contribute to the likelihood that the business community will assume a greater responsibility and work to ensure that the goods and services produced are more crime-proof. This might take place amongst other things via a systematic review of criminal investigations and court judgements (Twin Track).

### EARLY WARNING – ANOTHER WAY OF COLLECTING INFORMATION ABOUT CRIME

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>Primarily economic crime where individuals, firms and other organisations are victims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Renders crime more difficult, and in certain cases increases the risk of detection and may reduce profits from crime</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>High</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Limited if website also used in connection with other issues, which is also a requirement</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Requires continuous work for updates, maintenance and development</td>
</tr>
<tr>
<td>Advantages</td>
<td>Increases legitimacy and leads to tips. Rapid channel of information, good way of combating IT-related incidents and crime for example</td>
</tr>
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</table>

Crime-proofing can also be used in other areas than that of legislation. The goods and services produced by businesses can be fashioned so as to be less likely to become either objects of crime themselves, or of use in connection with the commission of offences. Proposals have been put forward, for example, to establish the use of taxi-meters and point-of-sale tills that cannot be manipulated in cash-based trades (EBM, 2002, SOU 1997:111). One classic example is the recommendation that proof of identity be required when paying by cheque, as a means of reducing levels of cheque fraud (Knutsson and Kühlhorn, 1980). The existence of clear rules for the conduct of inspections in relation to damage claims has served to reduce the number of insurance frauds (Ahlberg and Abrahamsson, 1994). There are also good examples of having reduced credit card frauds through the exchange of information among credit card companies and the use of secure routines when sending cards to card-holders (Levi, 2001).

Anti-crime agencies can contribute to the likelihood that the business community will assume a greater responsibility and work to ensure that the goods and services produced are more crime-proof. This might take place amongst other things via a systematic review of criminal investigations and court judgements (Twin Track).
Situations arise where the intelligence service, which is located close to the offences, finds itself needing to reach out to the public and the business community in order to alert them about frauds and other forms of crime. The problem is that at this early stage – when it is still possible to prevent crimes by increasing the level of vigilance of potential crime victims – information as to whether or not a crime has been committed is quite naturally uncertain. There need be no formal offence report, for example. For this reason, the intelligence service is unable to provide information of a very specific nature, since a false alarm might harm an innocent business. It is also difficult therefore to make use of the media as a channel to reach out with the double message that the intelligence service needs information and that the public should increase its vigilance in a particular way. This is because the media likes to have more detailed information and to be able to conduct its own investigative work. When the agencies in question have provided the media with sufficient information to make the phenomenon newsworthy, it may be too late; instead it becomes merely a warning, as one police officer working at the Finance Police expressed it.

Experience has shown that both the Finance Police in Sweden and the SØK in Denmark receive a great deal of information when they have been given media exposure to warn the public about new phenomena. Thus Early Warning not only serves a short term crime preventive function – by obstructing offences – but may also function to prevent crime over the longer term thanks to the information that is received. This dialogue with the public also serves to increase the perceived legitimacy of the agencies concerned and to strengthen public confidence.

Levi (2001) argues that at a time when it has become common for the public to invest capital in financial instruments there is a need to provide information as to which stock and share funds are under the supervision of state agencies. Otherwise there is a risk for fraud. Links could therefore be provided to websites providing just this kind of information.

**Methods that increase the perceived risks associated with committing offences**

**A HIGH RISK OF DETECTION PRODUCES A PREVENTIVE EFFECT**

According to the survey conducted by the National Tax Board (2001), firms that have been subjected to one particular, rather comprehensive form of control – tax auditing – concur to a great extent with the statement that it is likely that the tax authority would detect tax evasion in a company such as ours. This means that conducting this kind of control within firms produces a preventive effect. It is not merely a question of producing an improved sense of group solidarity, by encouraging a given businessman to believe that the control system works and that other companies are therefore behaving correctly. The controls also have a direct preventive effect, since the business owner perceives that there is a risk that misconduct will be detected. Generally speaking, one may conclude that there is a correlation between preventive effects and the risk of detection. As has already
been mentioned, rational choice theories in particular emphasise the rational aspects of the behaviour of offenders. One well-known model based on this perspective (Becker) views offenders as being more sensitive to changes in the level of risk of detection than they are to the stiffening of sanctioning levels (Sätre, 1985). Studies have found support for this hypothesis. At the same time however, certain findings indicate that stiffer sanctions may produce a greater effect on the number of offences committed than corresponding increases in the risk of detection in cases where this risk is very low.

### THE SYSTEMATIC HANDLING OF TIPS

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Makes the commission of offences more risky</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Moderate when tips are dealt with confidentially, high when key individuals draw attention to a phenomenon and the media focus attention on it (and also in relation to trial witnesses).</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Legal problems associated with systematically dealing with tips if criteria are not met for registration in intelligence registers. Requires a long term perspective and good levels of co-operation</td>
</tr>
<tr>
<td>Advantages</td>
<td>Very important source of information for combating types of offence that are difficult to detect</td>
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</tbody>
</table>

One of the central elements in the local policing reforms that are being introduced in various countries is the notion of Community-Based Intelligence (Sherman, 1997). The idea is that by means of informal contacts and large numbers of meetings at the local level, the amount of information collected on crimes and offences will increase, which will in turn lead to an increase in the risk of detection. In the area of economic crime, it is particularly important to establish contact with individuals within companies.

One of the things that characterises economic offences is that they are committed in the context of a private sphere which is rarely patrolled by society’s anti-crime agencies (Clarke, 1990; Katz, 1979; Persson, 1980; Stinchcombe, 1963). The agents that society may call upon to detect offences are:

- employees and unions (employees and other ‘insiders’ that sound the alarm on misconduct are usually labelled *whistle-blowers*)
- auditors
- state agencies and others exercising a control function (these controls need not necessarily be focused on the area in which the offences are committed)
- financial systems (reports of money laundering activity)
- business partners, creditors, suppliers.

It is therefore important that society’s anti-crime agencies make use of these agents of crime prevention. Handling tips is a very important task in relation to attempts to track down economic offending. Whistle-blowers are
afforded an important role in the international literature in this area. The issue of whistle-blowers will not be dealt with exhaustively in the present context. Instead the focus is limited to the need for the relevant agencies to make systematic use of the information they receive. Those providing tips may be seen as an extension of the ‘long arm’ of the anti-crime agencies. Tips are provided by:
1. collaborating agencies (primarily the special audits conducted by the tax authority and the enforcement authority)
2. businessmen, official receivers
3. the regular police force (indicators found in the context of investigations into traditional crime)
4. informers (‘grasses’)
5. the public

Tips may also be provided by the anti-crime agencies to
1. collaborating agencies (primarily the tax authority)
2. the regular police

There are agencies that direct all tips to certain individuals. All these tips are then dealt with systematically in order to assess whether there may be some substance to them. In this way, certain tips can be filtered out and result in a more detailed investigation.

One obstacle that has emerged relates to the limited opportunities for the computerised handling of personal information.

<table>
<thead>
<tr>
<th>PROFITING FROM AGENCY CONTROLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of crime</td>
</tr>
<tr>
<td>Prevention</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
</tr>
<tr>
<td>Resource costs</td>
</tr>
<tr>
<td>Disadvantages</td>
</tr>
<tr>
<td>Advantages</td>
</tr>
</tbody>
</table>

Since different control agencies have different functions, the types of offence that are detected in connection with the controls conducted at a given firm will depend on the specific control agencies involved (Korsell, 2003). In addition, a given control agency may specialise in a number of different areas, which may in turn lead to selection effects in the offences that are detected (Mann, 1985).

Whistle-blowers, like certain types of witness and complainant, find themselves in a tricky situation as regards divided loyalties, and their future career opportunities may suffer serious adverse affects. It has therefore been suggested that that whistle blowers ought to be given protection by means of special regulations similar to those operating in various forms of witness protection programme (Lehtola and Paksula, 2000).
The control agencies that detect the most commonly registered economic offences are the tax authority and official receivers. But there are other control agencies which make visits to firms, conduct observations, talk to staff and examine documents. A reference could be made here to the water inspectors that Hawkins (1984) has described in some detail in what is a classic work on environmental control. These include amongst others the Labour Inspectorate, the environmental and health protection administrations, the emergency services, the National Chemical Inspectorate and the Financial Supervisory Authority.

This work provides an opportunity to use the eyes and ears of others to discover indicators of crime in areas distinct from those that are the focus of specific control activities. In this way, the tax authority might be able to discover indicators of crimes that were not associated with tax evasion, for example.

Work might therefore be initiated by identifying problems, which might then result in tips being forwarded to the intelligence service, for example. This may give rise to certain confidentiality problems, but these might in turn be eliminated by means of a new regulation providing state agencies with a general right to report suspected offences.

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>Emphasis on financial offences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Makes the commission of offences more risky</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Medium</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Substantial if the method is employed systematically</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Places demands on legislation. Probably leads to a limited number of criminal investigations</td>
</tr>
<tr>
<td>Advantages</td>
<td>Focus directed at offences that are difficult to detect</td>
</tr>
</tbody>
</table>

Measures to combat money laundering are an important instrument of crime prevention since money laundering first and foremost increases the risk for the commission of offences that generate large sums of money. Offenders need to transform cash into funds in accounts or into property of some kind. Further, there is a need to transfer funds between different accounts. Funds in bank accounts also have to be paid out to others involved in the criminal conspiracy, who do not want this money to be traceable via payments from or into accounts. It is relatively common for the Finance Police to get on the trail of VAT fraudsters via their bank accounts. Furthermore, networks involving illegal labour are uncovered when money is taken from accounts in order to pay black wages.

Measures intended to combat money laundering thus make it more difficult to commit offences since the risk of detection forces the money launderers to work with cash or other alternative systems of transfers. Such measures may also reduce the profits of crime since it is possible to freeze suspect funds, which can then be secured.

The legislation in force at present requires banks and other institutions to report transactions suspected to be associated with money laundering operations to the Finance Police. Once they have been processed there, the
reports are then passed on inter alia to other police authorities and the Economic Crimes Bureau, which may initiate investigations. Which reports are received will depend to a large extent on the assessments made by banks, currency exchange offices etc. It is in the nature of this phenomenon that the transactions that are reported involve clients who are not known to the reporter and that appear to be abnormal. Transactions made by known or good clients, as police working at both the Financial Supervisory Authority and the ØK put it, are reported less often.

According to the ØK, experience shows that higher levels of concealed criminality become exposed in countries where issues relating to money laundering are dealt with by administrative agencies with a supervisory function. This is because agencies of this kind have access to the banks’ transaction databases and are able to go through these using their own special selection programs.

One obstacle faced by the Finance Police is that they are not able to demand statements of accounts and other information unless these are required on the basis of a reported case of suspected money laundering. In order to increase the risk of detection, the Finance Police could be empowered to initiate their own investigations with the right to demand information of this kind. This method would require legislative changes.

A further advantage with being able to take the initiative in relation to money laundering investigations is that it would produce a dialogue with those organisations with a duty to report such activities. This dialogue would lead to a mutual increase in levels of competence. This would produce a further increase in the risk of detection.

| CRIMINAL INVESTIGATIONS MAY BE REVIEWED IN ORDER TO INCREASE THE RISK OF DETECTION |
|---------------------------------------------|----------------------------------|
| Type of crime                               | General                          |
| Prevention                                  | Makes the commission of offences more risky |
| Assessed preventive effect                  | Medium                           |
| Resource costs                              | Medium, since the material is already prepared |
| Disadvantages                               | Requires work over the long term |
| Advantages                                  | Improved utilisation of resources. Is often likely to lead to criminally active individuals who commit offences that are difficult to detect |

The possibility was discussed earlier of systematically examining criminal investigations and court judgements in order to analyse which preventive measures might be taken to combat the crimes at issue. But criminal investigations may also be reviewed subsequent to their completion with an additional preventive objective in mind.

Research has shown that that the work of anti-crime agencies is case-focused and not prone to deal with any spin-off leads from ongoing investigations that might result in the initiation of new investigations (Korsell, 2003). This is because the performance of these agencies, and therefore also of agency personnel, is measured in terms of the cases that come in, and consequently also those that issue from the agency. A perception may therefore exist that it is more important to deal with these
cases, and also perhaps that this is more important than combating crime. Stated more precisely: anti-crime work is conducted via the cases received by the agency and not by any other means.

At the same time experience indicates that positive results may be achieved by dealing with spin-offs associated with ongoing investigations or controls in order to initiate new investigations. This can be seen from amongst other things the economic crime audits (Korsell, 2003) and the control and investigative operations conducted into financial criminality by the American Securities and Exchange Commission (Shapiro, 1984).

A systematic review of criminal investigations should not focus exclusively on economic crime, but rather should also look at traditional offences. Experience has shown that investigations of traditional offending may contain information pertaining to economic crime and vice versa. Working in this way ought to serve to identify and track down so called complex criminality. One example of this may be found in the way the Economic Crimes Bureau’s special unit and the regular police in Malmö exchange information that arises in the context of criminal investigations.

As a complement to the review of completed criminal investigations, the personnel involved may be tapped for collateral information. The Dutch revenue and customs police (FIOD) have had negative experiences of getting operational personnel to write reports subsequent to the completion of criminal investigations. The problems related to suspected individuals and firms who had figured in the investigations in one way or another but who had not been followed up on since they lay outside of the primary line of enquiry (RRV 1997:59). The reason was that operational personnel were focused on their own investigations and it was difficult to motivate them to focus their efforts on information that was deemed to be peripheral to the ongoing investigation.

Special personnel were therefore recruited to the different FIOD-units, whose sole task involved talking to operational personnel and reviewing investigations in order to collect collateral information that was of little use in the context of the current investigations, but which might generate new investigations. This intelligence was then passed on centrally and collated with other information. Thereafter new investigations could be initiated.
INFORMATION ON MONEY LAUNDERING REPORTS CAN BE PASSED ON

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of crime</td>
<td>Often financial offending</td>
</tr>
<tr>
<td>Prevention</td>
<td>Makes the commission of offences more risky</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Medium</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Requires resources and an interest on the part of those receiving the information</td>
</tr>
<tr>
<td>Advantages</td>
<td>Improved utilisation of existing resources</td>
</tr>
</tbody>
</table>

The Finance Police today receive a large number of reports relating to money laundering. Information contained in these reports may be disseminated to other intelligence services and agencies involved with the investigation of crime. The goal is that the information may be of use to other criminal investigations. This method is employed by the Finance Police and by the eastern unit of the Economic Crimes Bureau.

AGENCIES MUST ACT DECISIVELY IN AREAS CHARACTERISED BY EXTENSIVE LEVELS OF CRIME

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of crime</td>
<td>Often tax-related, but may also involve other forms of offending</td>
</tr>
<tr>
<td>Prevention</td>
<td>Makes the commission of offences more risky, although the objective is to increase the incentive to act lawfully.</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>High if the method is focused on the right individuals/areas.</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Substantial variation, depending on the level of ambition</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Legal problems associated with the exchange of information between agencies and authorities</td>
</tr>
<tr>
<td>Advantages</td>
<td>Visible activity out in the field produces positive signals and increases legitimacy in relation to society at large. Fortifies those who are honest at heart and who act correctly and produces warning signals to the dishonest</td>
</tr>
</tbody>
</table>

Alalehto’s (1999) comprehensive study of the restaurant trade shows that the control activities conducted by the agencies working together in this area, such as the operation to clean up the pub and restaurant sector mentioned earlier – do have a preventive effect. Restaurant owners are most afraid of having their liquor licenses revoked, since a sanction of this kind would make it difficult for them to continue trading. The preventive effect that is produced ought therefore to be a combination of the visible, large scale control activities conducted by several collaborating agencies and the risk of being sanctioned in a way that would in practice make it impossible to continue running the business.

Braithwaite (1997) has often emphasised the advantages to be gained from working against a background of tough sanctions, since it then becomes easier for the agencies concerned to produce improved levels of lawful behaviour by means of persuasion. The objective is thus not to have to make use of the sanctions.

Focused police patrols in areas with high levels of crime (muggings) tend to reduce these levels by means of this expanded presence (Sherman, 1997).
The more such patrols are concentrated to hot spots and hot times of criminal activity, the lower the crime level becomes at these places and times respectively.

One advantage of taking action against visible economic crime is that the public are often irritated by offences of this kind that they know about, since they are easy to understand. Taking this type of action provides a signal that society will not tolerate this behaviour. Unless the agencies act with some vigour in areas where norms are failing, there is a clear risk that the behaviour will also spread to persons who would otherwise act within the law (Shover et al., 1984). On the other hand, this form of preventive work must be combined with methods directed at forms of crime that are difficult to detect. Otherwise, levels of confidence in the work to combat economic crime will suffer, since the public may perceive that society is catching the minnows but allowing the bigger fish to swim clean away.

Misconduct may have become so rife in certain areas or sectors that they cannot be cleaned up even by means of comprehensive measures taken by state agencies. Where this is the case, it may be worth conducting high profile operations in order to draw attention to the fact that behaviour of this kind is not tolerated, whilst at the same time focusing the available resources on different areas where they may actually have an effect.

### INFORMATION TO CONVEY THE MESSAGE THAT THE RISK OF DETECTION IS HIGH

<table>
<thead>
<tr>
<th>Prevention</th>
<th>Makes the commission of offences more risky and reduces rewards of crime. Also has an effect on the moral climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed preventive effect</td>
<td>Medium</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>There is a risk that information relates exclusively to problematic areas that are easily communicated</td>
</tr>
<tr>
<td>Advantages</td>
<td>Low-cost method that is important not least in relation to the general moral climate</td>
</tr>
</tbody>
</table>

Findings from interviews and questionnaire surveys have emphasised the importance of using the media to raise awareness about successful operations and about the fact that state agencies are conducting controls in relation to various phenomena. In this way, it is possible to convey the message that there is a risk of detection which may deter a potential offender from committing an offence. If people are made aware that agencies are prioritising certain areas, for example, then this should lead to a reduction in levels of crime in these areas.

The role and responsibility of the media was also emphasised by many of those who completed the questionnaire. One tax auditor suggested that the media ought to be provided with information relating to successful investigations and court judgements.

One example of the effect the media can have in the area of crime policy may be found in the process that gave rise to the emergence of the environ-
mental crime concept (BRÅ 2002:12). Prior to the case involving BT-Kemi and the environmental scandal in the small town of Teckomatorp, environmental criminality was discussed in terms of industrial discharges and environmental problems. Thereafter, it came to be characterised as criminal and to be viewed very seriously.

Measures to reduce the anticipated rewards from crime

<table>
<thead>
<tr>
<th>COST – BENEFIT CALCULATIONS RELATING TO UNDECLARED WORK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of crime</strong></td>
</tr>
<tr>
<td><strong>Prevention</strong></td>
</tr>
<tr>
<td><strong>Assessed preventive effect</strong></td>
</tr>
<tr>
<td><strong>Resource costs</strong></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
</tr>
</tbody>
</table>

Clarke (1990) illustrates a number of distinguishing characteristics relating to tax offences: we view a tax fraud relating to an amount of 10 Euro very differently from one relating to a sum of 1000 Euro. At the same time, we would regard it as completely unacceptable to swindle a neighbour out of 10 Euro.

These examples show firstly that tax evasion is not regarded as something criminal, but rather as a regulatory breach associated with a lower level of stigmatisation (Clarke, 1990). The black economy is peopled by ordinary people and is therefore not perceived as something alien. Secondly, taxation constitutes an expropriation or compulsory contribution to the collective. Thus tax evasion involves a failure to do something – i.e. to account for earnings and pay tax on them – rather than a direct act. We tend to perceive benefit fraud as worse than tax fraud, for example, since in the latter case we are choosing to keep our own money, and not taking from others. In other words, it is difficult to counteract the phenomenon of undeclared work.

Undeclared incomes also mean more money in the wallet of those who work without reporting these incomes, or who make use of undeclared services. On the positive side of the scales, there is a small risk that one may get caught and it never feels good to be acting in breach of the rules.

On the negative side of the scales, however, there are a long list of other disadvantages associated with undeclared work, which in the light of sober

---

29 The emergence of the interest in economic crime witnessed during the 1970s may also be explained in part by reference to media revelations relating to a number of major cases (Lindgren, 2001).
calculation also serve to reduce the profits associated with this crime. How does it affect my future pension? What happens if I get a long term illness, or have to take early retirement? How will several years of undeclared work then affect my income over the course of perhaps twenty years of early retirement?

What happens if an individual suffers an occupational injury in the context of undeclared work that I have ordered? Do I suddenly acquire the responsibilities otherwise associated with being an employer? What is the insurance cover if property is damaged as a result of work that has been improperly conducted, such as water damage in a block of privately leased apartments, for example, when plumbing work has been conducted on an undeclared basis? How would I sort out work that had been badly carried out?

The anti-crime agencies should therefore work together with others to collate facts relating to the disadvantages associated with undeclared work in order to make them visible to others.

Several of those interviewed proposed improving the level of information available relating to what tax revenues are used for, in order to show the social importance of the measures focused on tax evasion. It is possible that over the longer term, information of this kind may have some kind of impact, but over the short term, it is not deemed likely to have much of an effect. What ought to be more effective would be directly influencing the individual in his or her assessment of the advantages and disadvantages associated with undeclared incomes in the situations where these choices are actually made, as has been proposed above.

Information on the disadvantages of crime could also be disseminated via the educational system, not least within the vocational educational programmes linked to the occupations that are most commonly found within the black economy.

In Norway, organisations corresponding to the Swedish National Association of Local Authorities, the tax administration, the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation work together by means of a collaborative agreement to counteract the black economy. A large part of this work is focused on schools (Tiltaksplan).

| CLOSE COLLABORATION WITH THE ENFORCEMENT AGENCY AND OTHERS WHO INSPECT FINANCES |
|-------------------------------|---------------------------------|
| Type of crime | General |
| Prevention | Reduces the rewards from crime |
| Assessed preventive effect | High |
| Resource costs | Low for anti-crime agencies |
| Disadvantages | Requires a partially new approach to work among anti-crime agencies |
| Advantages | Improved utilisation of existing resources. Hits at the heart of crime, i.e. the money involved. Reduces the harm done by crime. Increases propensity to report crime |
Experience from the international battle against organised crime indicates that the risk of losing the profits of crime is more of a deterrent than the threat of sanctions (Reuvid, 1995). This is because criminal enterprises may be organised in such a way that the justice system does not constitute a threat to the organisation and its assets. Classic means of making an organisation invulnerable in this way include increasing the number of employees and reassigning personnel as well as the use of corruption and the threat of violence. In the context of economic crime, other techniques are employed, such as the use of front-men. But protective measures of this kind do not work if the agencies concentrate their work on securing the profits of crime. Forcing organised crime to work harder and take greater risks for a smaller return is an effective economic disincentive. (Reuvid, 1995:186.)

Lawyers who have worked with the defence of suspected economic offenders also report experiencing that among their clients, some are more concerned about protecting their business interests from possible damage than they are about avoiding penal sanctions (Mann, 1985).

The enforcement agency is an important actor in this regard since it has access to a great deal of information about firms which may be of value both to anti-crime agencies and others. The agency also has knowledge relating to the property situation of individuals, including such aspects as whether they are living expansively despite reporting only relatively modest incomes. In one part of Sweden, the enforcement agency (which constitutes the supervisory agency in the case of bankruptcies) studied the statements of all official receivers, and the tax authority was informed as to which bankruptcies might be of interest from a revenue point of view.

Since the money is more important than the sanction from a crime preventive perspective, the enforcement agency could play a more important role in the collaborative work performed by state agencies in this area given a societal strategy that places a greater focus on the importance of preventive work. The completed questionnaires also indicate a desire for improved levels of international collaboration in order to trace and secure assets that have been removed abroad (cf. Levi, 2001). Another possibility would be to make use of other techniques, such as sequestration, forfeiture and lien.\(^\text{30}\)

Rational considerations underlie the propensity of individuals and organisations to report criminal offences (Gottfredson and Gottfredson, 1988). Reporting an offence to the police and providing the authorities with information has to be worth the trouble. If anti-crime agencies were to better meet the need of reducing the economic harm associated with offences, then the level of reporting would probably increase. This might, inter alia, relate to the interests of bankruptcy receivers in seeing that crimes against creditors lead to the insolvent estate being able to have property returned, which could then be distributed to creditors or officials in the tax administration who are anxious to see that tax revenue is also collected.

\(^{30}\) The retention of property belonging to another until a debt owed by that person is discharged.
If the risk of detection increases and anti-economic crime agencies initiate criminal investigations against firms and businessmen who have a reputation to defend, the publicity will involve substantial damage both financially and in terms of self-image (Braithwaite, 1989, Fisse and Braithwaite, 1993). Negative publicity can often serve as a more effective deterrent than formal sanctions (Sigler and Murphy, 1988). Large companies with strong trademarks are particularly anxious to maintain and strengthen their reputation (Lehtola and Paksula, 2000). This is confirmed in a new study on environmental offending (du Rées, 2004). Many company owners and employees are proud of their firms, which represent more than simply money. If the company’s reputation becomes tarnished, the firm loses its attractiveness. A comprehensive survey of lawyers working to defend suspected economic offenders found that many of the lawyers’ clients were worried about what their family, business colleagues and friends would say about their having been suspected of crimes (Mann, 1985).

No less than 81 per cent of the companies polled agreed with the statement that: *our company tries to avoid doing business with firms that evade taxes* (RSV, 2001a). It is clear that the sense of solidarity towards the collective also results in entrepreneurs not wishing to align themselves with or support companies that act in breach of these collective norms. Media coverage can play a central role in this context, and a company that is exposed in the context of economic crime may suffer major financial damage as a result. It was found that larger firms were more disposed to avoid doing business with businesses that evaded taxes than were smaller firms (RSV, 2001a).

A comparison may be drawn here with hygiene control in Denmark, where restaurants are required to display the inspection certificates issued following control visits at the entrance to the establishment.

For these reasons, the literature contains proposals relating to the more systematic use of the media as a form of modern day pillory (Braithwaite, 1989, Fisse and Braithwaite, 1993). One form of pillory is found in the blacklists published by the OECD and FATF of tax-havens that do not fulfil the requirements laid down by these organisations.

A less far reaching strategy would involve the media assisting in conveying information that the risk of detection is high. This would involve spreading a message that the control system is effective and that it produces court convictions and long prison sentences. Experience from Denmark has shown that the media function best in relation to two particular areas,
namely insider trading and the formation of illegal cartels. The contention is that it is in the nature of the media to write about leading social figures when they are involved in insider trading or offences in breach of competition regulations. In addition, a large amount of attention is always directed at situations where the SØK initiates a criminal investigation into a firm. The agency can then take the opportunity to describe how the electronic supervisory system aimed at combating insider trading functions as well as other forms of control operation. In this way, the message is spread that the risk of detection is high.

**Measures that reduce the available excuses associated with the committing of offences**

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Reduces scope for use of excuses that may be employed to justify commission of crime, may also create incentive to behave correctly.</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>Probably much greater than one might believe</td>
</tr>
<tr>
<td>Resource costs</td>
<td>No additional resources required, a natural part of the job</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Likely to have a limited effect on crisis responders</td>
</tr>
<tr>
<td>Advantages</td>
<td>Increased legitimacy. Increased confidence in agencies from society at large. Contributes to the production of a good and democratic society</td>
</tr>
</tbody>
</table>

The tax authority has conducted surveys which show that taxpayers who have confidence in the tax authority also feel that they have been treated correctly by this agency (RSV, 2000). It is of particular interest that this group also feel that the tax authority does a good job to combat misconduct. In turn, those who feel that the tax authority works well to combat misconduct are also careful to follow the law.

Sherman (1997) cites studies into community policing which indicate that high levels of police legitimacy have a crime preventive effect. If the police are perceived as having a high level of legitimacy, then people will also be more concerned about acting within the law. If the police take the time to listen, and show respect so as to allow the other party to say their piece, then this will reduce levels of reoffending.

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31 In Denmark, measures that serve to restrict competition are criminalised. In Sweden such measures are at present responded to using purely administrative sanctions, but penal regulations are under discussion. At the international level, legislation relating to competition has always been at the centre of the economic crime phenomenon (see amongst others Slapper and Tombs, 1999).

32 One factor contributing to this high level of interest is that the SØK is perceived as an “elite agency” since it only investigates important cases.
Clarke (1990) argues that whatever efforts are made by legislators, control agencies, police, the media and interest groups, the only actors that can get to grips with economic offending in a way that can make a real difference are the members of the business community themselves. This is a result of the private and complex nature of economic offending. It is therefore important that state agencies work to encourage self-regulation.

The issue of self-regulation is expounded further in the Appendix. The discussion presented there shows that self-regulation does not constitute an effective preventive measure when used in isolation, but that it should rather be employed in combination with other measures.

An important conclusion from my earlier study was that the consumers of the world receive more protection from the higher standards that these competing identities bring into the firm than from enforcement of the law. (Braithwaite, 1993.)

The above quote refers to the way in which individuals within the business community have several identities and that they are not necessarily socialised to follow the improper norms that may exist within a given firm. The occupational ethics that have been developed in the course of training, and the informal sanctioning systems that may emerge among colleagues at the workplace to counter unethical behaviour, have been shown to have a preventive effect on economic offending. Braithwaite (1993) argues that in actual fact, personal responsibility in combination with the professional identity constitute the factors that have saved most lives in relation to eco-
nomic crime. Braithwaite singles out the pharmaceutical industry, which has been accused of launching dangerous drugs in underdeveloped countries.

The attitudes of management play an important role for others within an organisation as regards whether they choose to follow or to act in breach of regulations (Kagan and Scholz, 1984). Occupational groups that find themselves in prominent positions within companies should therefore be viewed as a target group in relation to attempts to improve ethical standards within the business community.

The basic idea is that if economists, lawyers, engineers, craftsmen etc. can be encouraged to develop a professional identity characterised by high ethical standards to an even greater extent than is the case today, then they will be able to resist the criminogenic environments to be found in certain areas of working life. In the same way as education in schools plays a role in the formulation of norms, vocationally focused ethical education at higher levels within the education system should also have an important effect over the longer term.  

<table>
<thead>
<tr>
<th>Type of crime</th>
<th>Advisory work that facilitates economic crime in general</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Reduces scope for use of excuses that may be employed to justify commission of crime, may also create incentive to behave correctly. Will also affect the normative climate (primary prevention)</td>
</tr>
<tr>
<td>Assessed preventive effect</td>
<td>High</td>
</tr>
<tr>
<td>Resource costs</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Requires a long-term approach and considerable patience</td>
</tr>
<tr>
<td>Advantages</td>
<td>Focuses on a strategic group of individuals whom it is important to enlist into the work of crime prevention.</td>
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During the final years of the 1970s, the National Council for Crime Prevention reviewed the role played by lawyers and accountants in the context of organised and economic crime (BRÅ 1978:2 and 1979:2). The investigations showed that there was little evidence that these professions were involved in criminal activities to the extent that had been claimed by amongst others the media. The National Council proposed that measures should be taken to reinforce the professional ethics of these groups and the Swedish Bar Association introduced changes to its constitution. No success was had in introducing similar improvements among accountants on the other hand (Rosenberg, 2000).

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Groups of professionals such as lawyers, tax consultants, accountants and other advisors probably play an important role in relation to both economic and organised crime. They may be said to constitute the service agencies of crime. There are probably very few individuals who offer their services in this way. The fewer they are, the more difficult it is for others to commit offences of this kind or to secure the profits of crime. From the perspective of crime prevention, it is important that the integrity of these groups is maintained.

These advisory groups also play a different role from that of consultants in relation to different modes of action. Some researchers argue that if it were not for these advisors, economic offences would be more easily detectable and provable than street crime (Mann, 1985:249). This is because economic crimes create evidence of a kind – i.e. documentary evidence – that is more difficult to control than that associated with traditional offending.

This evidence may be stored with individuals who are more or less invulnerable to threats. Mann argues that these advisory groups control the flow of information which makes the crimes more difficult to detect and investigate than they actually are.

The anti-crime agencies can therefore strive to ensure that the level of ethics remains high within these strategic professions. The organisations that represent these groups of professionals ought to be interested in collaborating in work of this kind, since media stories about disreputable advisors working in their professional fields will reduce levels of confidence in a given profession as a whole.

Since 1999 an Act has been in force in Sweden requiring company auditors to report suspicions of economic crime that emerge in connection with their auditing activities. This legislation has recently been evaluated (Larsson, 2004). Relatively few suspected offences are reported by auditors and they tend to ensure that they are fairly certain that an offence has been committed before reporting any suspicions. Such reports should actually be made even where the degree of suspicion is low. One important crime preventive effect has been that auditors have acquired more power in relation to their clients and are therefore able to “have serious words” with their clients, with these words carrying more weight thanks to the new legislation.

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<tr>
<th>IMPROVING ETHICS WITHIN THE PUBLIC SECTOR</th>
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As has already been mentioned, the comprehensive survey of black-market labour conducted by the Swedish National Audit Office showed that misconduct and ethically dubious activities on the part of individuals in positions of power serve to fuel extensive levels of undeclared work. Many of those interviewed by the National Audit Office had asked themselves what a few hours of undeclared work over the course of a week mattered by comparison with the hundreds of thousands of Euro involved in certain so-called ‘parachute’ severance agreements. The National Audit Office therefore proposed that more attention be devoted to ethical issues within the public sector. To begin with, it would mean formulating clear norms for public sector officials (RRV, 1998:36). It might therefore be an idea to compile a document outlining ethical approaches and guidelines for action for individuals working within the public sector. The anti-crime agencies could take the initiative in relation to a programme of this kind.

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<th>“POSITIVE” CONTROL BY MEANS OF PROVIDING INFORMATION, SERVICE, THROUGH PEC- VISITS AND NEW BUSINESS PACKAGES</th>
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The majority of the individuals who completed the National Council’s questionnaire felt that economic crime prevention measures chiefly related to the provision of information. There is therefore good reason to discuss the possibilities associated with informational measures.34

THE DISTINCTION BETWEEN ‘INFORMATION ABOUT’ AND ‘INFORMATION AS’

Information constitutes an essential condition for all other forms of control steering. This is because seriously intentioned public steering efforts must be build on the subjects of this control being informed of the existence and content of the control measures. This information is here referred to as

34 Informational control measures attempt to exert influence by convincing, persuading or by educating. These measures include the provision of direct verbal advice, guidance and educational activities. Informative control measures may either be persuasive or involve the transmission of information. (Vedung, 1998:115)
information “about” control measures, and should be distinguished from information “as” a control measure (Vedung, 1998:121).

INFORMATION ABOUT

In order for legislation to have any effect, the individuals who constitute the focus of the laws in question must both know that they exist and be aware of what they involve. Otherwise they cannot follow these laws. In many cases, the state authorities must inform both their own officials and the population at large about new regulations. Examples of information of this kind include the following:

– The tax authority may provide service and information directed at new businesses (inter alia by means of new business meetings), accounting firms, individuals who have bought or sold property and at businesses affected by changes in the system of regulations (RRV, 1999:7).

– The provision of clear information that a certain behaviour is criminal or incorrect, that controls are routinely carried out and that incorrect or criminal behaviour may lead to significant negative consequences for those who act in a certain way may both prevent individuals or firms committing criminal offences or other regulatory infractions as a result of ignorance (methods that create the incentive to act correctly), and serve to affect the risk assessments made by different actors (methods which make it more risky to commit offences).

INFORMATION AS

The usefulness of using information as a means of control is somewhat limited in relation to efforts to affect people’s attitudes. Criticisms of expensive campaigns on the dangers involved with drug use and of attempts to affect attitudes towards drugs by informational means are based on an understanding that such measures produce no marginal utility since they are ignored by individuals located in the danger zone.

When it comes to affecting attitudes towards black-market labour or other forms of economic crime it may be questioned whether employees and businessmen have a clear understanding of the basic facts. Crime of this kind is in part a hidden and diffuse problem. This would suggest that information focused on affecting attitudes would not be completely wasted in this area. There is reason, however, not to develop overly high hopes as to the possible effects of this type of informational measure.

THE PROVISION OF INFORMATION AS A METHOD

The provision of information ought to serve to remove certain forms of misconduct. This is the case where the offender is basically honest and the crime has been committed as a result of misunderstandings or mistaken priorities. Support for this view can be found in the statement of one tax-offence investigator, who felt that attempts to “inform” away economic crime were not meaningful. In order to change attitudes, work is required over the longer term. In order to reduce crime quickly, it is essential to
supplement attempts to mould opinion and the provision of information with a number of other measures.

It is primarily agencies with some form of control function that answer for the provision of information and service in this way. But such measures may also be used by anti-crime agencies in connection with PEC-visits and informational meetings (Elmquist, 2003). In some parts of the country, information is provided in a focused way to individuals who have recently established themselves in the business community (*new business packages*).

In Norway, LO (the trades union organisation) organises summer patrols focused on businesses that employ large numbers of young people ("Tiltaksplan"). Schools also receive visits. The objective is to provide information to combat the use of black-market labour.

Our own assessment is that this work produces crime preventive effects in a number of ways. It focuses on groups who are known to engage in a relatively large amount of misconduct. Its goal is to support honest actors in their efforts to follow the regulations and to approach businessmen in a respectful manner. Besides the fact that the measures are focused on creating an incitement to behave correctly, many of those who receive visits of this kind will also perceive the risk of detection to be greater than it actually is. Studies have shown that those guilty of committing tax offences may have difficulty distinguishing between agency contacts focused on control and those focused on providing a service (RSV, 2000). The conclusion is therefore that all agency contacts will serve to strengthen the perception that there is a functional control system, which will in turn serve to strengthen the level of group solidarity (Korsell, 2002).

In this way, information focused on areas known to be commonly associated with criminal offences may have a preventive effect. Such areas might involve specific trade sectors, certain types of business etc. In this connection, one may speak of positive control, in the sense that the agency implicitly, or indirectly, by means of informational measures, communicates that it is aware that crime is particularly common and that it is keeping an eye on this area of activity (RRV, 1997:7).

The National Tax Board has conducted a questionnaire survey focusing on tax controls and tax ethics (RSV, 2000). The survey identified an underlying, latent variable defined as *poor tax ethics*, which measured attitudes towards fiddles, the risk of detection and the desire to do the right thing. Another latent variable was identified and defined as perceived risk which measured the preventive effects associated with control activities. Finally, a further latent variable, labelled *confidence in control*, was identified, which constituted a summary measure reflecting perceptions of the control system. Perceived risk is associated with both confidence in control and levels of tax ethics.

Attitudes towards issues of control, tax ethics and perceptions of the preventive effects of control affect one another. Confidence in control is clearly associated with the preventive effects of control activities and serves to promote tax ethics. The National Tax Board draws the conclusion that if the public's perception of control is reinforced, levels of individual tax evasion are reduced and tax ethics are improved. Intensified control leads to
a higher level of confidence in the control system which in turn produces a higher perceived risk of detection and a more correct tax-related behaviour.

The National Tax Board’s study (2000) also showed that variations in attitudes towards the question of whether the tax authority was doing a good job could to a large extent be explained by reference to two underlying latent variables which reflect attitudes towards service and the correctness of decisions and controls. These variables reflect on the one hand the way in which the individual is received by the tax authority and what help he or she is given in relation to filling in a correct tax return, and on the other how well the tax authority, by making the correct decisions and exercising control, succeeds in ensuring that everyone shoulders their fair share of the tax burden. The control factor is somewhat more important than the service factor, but both variables are correlated with one another. It is difficult for individuals to clearly distinguish between service and control.

The conclusion we may draw from the National Tax Board’s survey is that the exact relationship between the effort devoted to control and service respectively is not very important, since taxpayers tend not to distinguish between these measures. The almost classical conflict that is usually found within control agencies as to whether the emphasis should be placed on control or the provision of service would therefore appear to be relatively unproductive. What is important is that both types of measure are employed and that the agencies are visible out in the field.

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<th>COUNTERING THE RISK FOR CORRUPTION WITHIN ONE’S OWN ORGANISATION</th>
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Throughout the 1990s, the justice system has experienced problems as a result of threats to witnesses and complainants. This may be seen as an indication that those involved in crime have developed methods known to exist in the field of organised crime (Fijnaut, 1998).

Instead of relying on threats, people may also be bought. Several sources have pointed to the risk that individuals within the justice system may be paid-off by well-resourced criminals (cf. inter alia BRÅ, 2002). One way of taking this threat seriously is to produce action plans within the agencies relating to how the recruitment of would-be victims might take place, and what an official should do if he or she feels they have been drawn into a situation where they feel they are out of their depth. An individual who attempts to back out of a situation where they may have taken a bribe is at
risk of being subjected to threats and violence, which may also be directed at third parties.

A study is now in preparation in Sweden to investigate attempts of this kind to influence the staff of state agencies, which may involve a problem for democracy. Thus the study is not focused on incidents of a kind that instead merely constitute a problem relating to the working environment. The initiative for the study has been taken by the intelligence service within the police force, since there are indications that problems of this kind are on the increase. At the present time, the National Council for Crime Prevention is engaged in a methodological study to compile suitable methods for surveying “sensitive” issues. The objective is that the study will then serve as a guide for a review of action plans and the like. The organisations involved in the project include the National Criminal Investigation Department, the Prosecutor-General, the National Courts Administration, the Swedish Board of Customs and the National Council for Crime Prevention.
9. Additional methods for the prevention of economic crime

TASK FORCE

Several of those interviewed have pointed to the need to create cross-agency task forces to be given the job of getting to grips with various problems that may flare up. This is not least because economic and traditional offending overlap to some extent. Task forces of this kind ought to find themselves in a good position to initiate preventive measures, not least by making use of the way in which they are comprised of representatives from different agencies and perhaps even from other organisations.

PROJECTS

The use of projects involves a somewhat less fixed organisational framework within which collaborating agencies can work together to combat problems from their own respective points of departure. One example of work of this kind can be found in the Hairdressers project, which involved a collaboration between the Economic Crimes Bureau, the National Tax Board, the tax authority in Malmö, the Swedish Association of Hairdressers and the Swedish Commercial Employees’ Union (EBM, 2002). The project involved the introduction of a voluntary system of certification for hairdressers’ salons that employed cash registers and provided receipts as well as meeting stipulated environmental conditions for the workplace. An informational campaign was conducted using amongst other things adverts in the national press and on buses. As a result of this project, proposals have been put forward that include the tax authority being given the power to conduct controls for the purposes of crime prevention. Other proposals include the introduction of the same rules as those currently in force in the area of market trading in relation to other forms of cash-based business. There should also be a requirement that certificates of registry and documentation relating to employees should be made available for inspection.

The informational campaign had no actual measurable effect on attitudes towards black-market labour. Telephone interviews were conducted with 700 persons before and after the campaign. The results were not surprising, since affecting attitudes is a long-term enterprise. One illustrative example can be found in a study of an informational campaign aimed at youths in an attempt to affect their drug habits (BRÅ 1999:1). The report shows that directly following the programme, a somewhat smaller proportion of the pupils report any inclination to try drugs by comparison with the pupils in the control group schools. The difference is so small, however, that it may be the result of random fluctuations. When the final measurement was taken, no differences at all were found between the pupils… The effects of the programme on other factors, such as the pupils’ experiences of drugs, for example, their knowledge about drugs and their attitudes towards the police, appear to be negligible. These findings correspond to those reported by American evaluations of the DARE programme.
The SØK conducts a lot of work in the form of projects. If the number of bankruptcies begins to increase, for example, a project is initiated which then includes all those who know something about bankruptcies. They say that they make use of the accumulated capital of expertise that exists in society. When the problem has been analysed, an attempt is made to approach it from a variety of directions. The control agencies are mobilised, lectures organised, information is provided to the media, news that criminal investigations have been initiated is disseminated and so on.

There is a good deal of experience to refer to regarding project work with preventive measures against traditional crime. One danger is that there may be a concealed project agenda such that the objective actually involves an agency wishing to present itself as effective and to improve its own reputation (BRÅ, 1997:2). To take one example, campaigning work is a common method employed to combat youth offending. This is the case despite the fact that several studies have shown that campaigns against violence and crime serve primarily to cement attitudes among those who already hold them. But they do not change the youths whose behaviour the campaign is intended to have an effect on. It is clear that there are other forces at work than the desire to achieve results. A project may also legitimise measures that are at bottom likely to have a negative effect on crime prevention. Community workers working in regular and functioning operations may be laid off, for example, whilst youth workers are employed on a project basis in an alleged offensive project despite the fact that this actually involves a worsening of the existing situation.

The best advice is therefore that one should consider evaluations of previous project work prior to initiating a new project. It would be difficult to overstate the importance of an independent and scientifically based evaluation.

CO-OPERATION

Since economic crime cuts into many different agencies’ areas of responsibility, cross-agency co-operation is of central importance, not least in relation to the exchange of information. There have been a number of positive developments in this area since the mid 1990s. Throughout Sweden, agencies working in the area of economic crime now co-operate with one another via the regional councils. These in turn often have a number of subordinate operational councils associated with them. At the same time, the Economic Crime Council functions as a central collaborative body.

In Malmö, for example, there is a body known as the NOS (Ny Operativ Samverkan [New Operational Collaboration]), comprising representatives from the public prosecutor’s office, the police authority, the Economic Crimes Bureau, the tax authority including the tax-offences unit, the customs service and the office of the enforcement agency. Discussions at the NOS focus primarily on new phenomena and the measures that might be taken to combat them.

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36 The Parliamentary Auditors have reviewed cross-agency collaborations to combat economic crime and noted a large number of deficiencies, see 2001/02:03.
The SØK collaborates with the stock exchange and agencies corresponding to the Swedish Financial Supervisory Authority, the customs service, the tax authority and the Swedish Competition Authority. Meetings are held at regular intervals at which the participants provide one another with information and caution each other about new phenomena.

One common perception found among those interviewed from all the sectors included in the survey is that personal contacts across different agencies are very positive and increase the effectiveness of anti-crime work. The disadvantage, however, is that where co-operation is too much based on informal networks, more structured forms of collaboration between different agencies do not emerge (Benson and Cullen, 1998). The existence of informal networks may make collaborations more difficult between agencies at the level of the organisation as a whole (RRV, 1996:32). Informal networks work well in relation to individual cases, but formal networks have advantages when it comes to improving effectiveness at a more general systemic level. A further disadvantage with informal networks is that they are typically of a reactive nature; they are mobilised when something occurs that demands a solution (Benson and Cullen, 1998). Formal networks are better at producing proactive, strategic solutions.

As regards crime preventive work to combat traditional crime, there is experience to show that those working in collaborative projects choose to focus on issues where all the relevant parties are able to reach agreement (BRÅ, 1997:2). There are few collaborative projects focusing on introducing changes to schools or the work environment, however, despite the fact that there is much that could be done here to prevent crime. Instead, ambitions to bring about change tend to be directed at objects that lie outside of the collaborative partners’ usual areas of activity. This is because the parties involved in collaborative projects confer upon one another some form of immunity for the sake of peace and unity (p. 23). It is therefore important to work on the basis of a knowledge-based approach and to ensure that these resources are utilised in a way that produces an effect.

THE LOCAL CRIME PREVENTION COUNCILS

At the present time there are over 250 local crime prevention councils in Sweden. These councils bring together a variety of actors in collaborations to combat everyday crime. The councils usually include representatives from the police, the social services, local authority politicians, schools, the sport and leisure administration and the local business community. Housing companies, public health authorities, the health sector, town planning offices, the church, and student councils may also be involved.

In Gothenburg, the local crime prevention council has moved in an interesting direction by also including economic crime in their work. The goal is to build up a comprehensive picture of the crime situation. Economic offences are viewed as reducing confidence in the community, which in turn leads to a deterioration in the business climate and the quality of life. At present plans are being developed to initiate a dialogue between the business community and public sector agencies in order to discuss the prob-
lems associated with economic crime in Göteborg, and what can be done together to prevent offences of this kind.

The anti-crime agencies should be able to work to encourage local crime prevention work to broaden its focus and to view economic offending as a natural part of this work at the local level. In the action plan against economic crime recently published by the Swedish Government, the role of the local crime prevention councils is emphasised as providing an opportunity for the prevention of economic crime (Skr. 2003/04:178).

‘MARKING’ KNOWN OFFENDERS

Clarke (1990:234) emphasises that crimes are committed by individuals (or organisations) and that one has to take this into consideration in order to be able to safeguard oneself against and prevent crime. According to Clarke it is therefore essential to be able to identify offenders and to ensure that they are not permitted to return to the field and offend again. Clarke’s view is thus of a form of crime prevention that is directed at certain individuals. This is very different from situational crime prevention, which this report has for the most part focused on, and which does not require one to know the identity of the offender, since it is instead directed at potential offenders.

According to Clarke’s individual-focused view it is important to be able to identify offenders so that they do not continue to commit offences in other places, or in other sectors and with the help of other firms. Switches of identity constitute a special problem in relation to economic crime since it is simple to alter one’s appearance via the use of legal entities. In addition to being able to identify the offender, it is also necessary to conduct some form of registration in order to be able to monitor them.

Clarke’s proposal involves what might be termed the ‘marking’ of certain high-risk individuals. The idea is that one keeps one’s eye on known offenders so that they can quickly be arrested. In this way, a substantial amount of crime can be snuffed out before it has a chance to develop. The problem, however, is that keeping a large number of individuals under some form of supervision is very demanding in terms of the resources required.

Conditions ought to be more favourable to exercising control in the area of economic crime by comparison with traditional crime, since those who commit economic offences – including those employed as decoys and front men – are on the inside of the system and make use of legitimate operations. For this reason documentation will exist in the Companies Registry and in the various registers maintained by the tax authority etc. The characteristics of economic crimes that make them difficult to detect – i.e. that they take place within the framework legitimate operations and in legitimate contexts – may be used to advantage since there are registers,

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37 Examples of more or less active lists of such persons exist, or have existed, at the Finance Police, at the Danish SØK, the Economic Crimes Bureau in Malmö and among individual enforcement agents working within the agency that supervises bankruptcies. The SØK ‘marked’ 24 individuals in this way, for example, and have claimed this functioned successfully.
applications and other documents, premises etc. which make it possible to trace people and draw conclusions as to their activities. There is technology available today that makes it possible to automatically search for information by name from a variety of public registers. The SØK applies a system of flagging in registers. In this way, the agency is informed if some form of change takes place, for example, in a company recorded in the Companies Registry.

The idea behind what Sherman (1997) calls proactive arrests is that resources are concentrated to a narrow range of so-called high-risk objects. The hypothesis is that a high probability for arrests within a narrow range of crime constitutes a more effective form of resource utilisation than a lower probability for arrests across a broader range of offences or offenders. This hypothesis has been tested on chronic traditional offenders by studying the extent to which they have been sentenced to prison and thus prevented from committing additional crimes. Sherman’s conclusion, drawn on the basis of existing research, is that focusing on high-risk individuals, locations, offences and times may be effective.

ECONOMIC OFFENDERS DO NOT EXCLUSIVELY COMMIT ECONOMIC OFFENCES

Preventive measures (such as the use of intelligence and ‘marking’) that are directed at individual offenders and that do not focus on the situations where the offences are committed ought to take account of the fact that economic offenders do not specialise exclusively in economic offences. In contrast to earlier assumptions, it has been found that economic offenders may well come into contact with the justice system to a varying extent, at least in part as a result of non-economic offences (Weisburd et al., 2001). This is something they share with traditional offenders who have also been found not to exhibit any substantial level of specialisation.38

Some economic offences such as securities frauds, for example, lead to a greater degree of specialisation than others, however (Weisburd et al., 2001). One Swedish pilot study has indicated that individuals who commit insider-trading offences are unlikely to have engaged in a substantial amount of economic crime, nor of other forms of registered offending, previously (Korsell, 2000).

Economic offenders who have few contacts with the justice system do not appear to have very much in common with more active offenders, however. Their way of life shows few indications of involvement in crime, since they live conventional lives. Offenders who have been registered for few economic offences – irrespective of whether they are crisis responders or opportunity takers – lead lives that are indistinguishable from those of others from the same social class.

Since active economic offenders in particular commit both economic and traditional offences, it is important that the police who focus on the

38 Traditional offenders are registered in connection with more offences than economic offenders, however. One reason that the level of specialisation may be perceived to be greater than it actually is relates to the fact that individuals who become known to the authorities for a certain type of crime then risk becoming the focus of those authorities’ attention in connection with just this type of crime in the future (selection).
reconnaissance and investigation of economic/organised crime conduct their work in close collaboration with the wider police force in order to establish a broad contact interface (AMOB, 1977).

39 The Economic Crimes Bureau in Malmö is stationed at Police House, and there is therefore a natural dialogue between police officers working in different areas. Economic crime officers whom we have spoken to spoke in positive terms about the benefits of being located close to those involved in other areas of policework.
10. Affecting other actors – the most important method

Important to build up a high level of competence

Since anti-crime agencies are rarely to be found at the locations where offences are committed, and since they rarely have an opportunity to affect the factors that make crime possible, their most important task is to make use of their knowledge of crime to work together with other actors who do find themselves in a position to prevent crime. Encouraging those who have the greatest opportunity to do something about the problem to go out and act ought to be more effective than relying on the actions of the anti-crime agency in question.

A number of examples are listed below of the ways in which anti-crime agencies may work in a knowledge-oriented fashion in collaboration with other actors.

THE GROCERIES SECTOR – GERMAN AGENCIES AND WHOLESALERS

The Groceries Project involves a group of collaborating agencies in southern Sweden. The project involves informing various risk groups about the structure of crime and how they may act to make crime more difficult. The background to the problem is that dishonest buyers may acquire groceries from wholesalers in Germany, for example, for export to Sweden. Since value added tax should be accounted for and paid in the recipient country – in this case Sweden – the buyers report which company they are acting on behalf of, since this information must be reported to the tax authority. The problem, however, is that the purchaser reports a false company name and VAT number. The collaborating agencies have therefore established contact with German authorities and wholesalers with the objective of ascertaining what documentary controls (in the form of certificates of registration and VAT numbers) and identity controls (of the relevant individuals) the German wholesalers are required to carry out (EBM, 2002). The objective of these contacts is to improve levels of control directed at the German wholesalers by becoming aware of their responsibilities.

THE GROCERIES SECTOR – THE LOCAL AUTHORITY ENVIRONMENTAL AND HEALTH ADMINISTRATIONS

A further example is found in the way collaborating agencies have established contact with the local authorities’ environmental and health protection administrations in order to verify that groceries in stores have Swedish markings, as is required by law. As a rule, groceries that are brought into the country by dishonest importers lack Swedish markings of this kind. The analysis conducted by the collaborating agencies indicates the existence of unexpected actors in the field of crime prevention whose work lies at some considerable distance from the problems associated with this particular field
– i.e. their work focuses on controls relating to groceries sales rather than tax offences – that may have an important role to play in reducing the demand for dishonestly imported groceries, thereby reducing the profits from this form of crime.

**THE TAXI SECTOR**

A substantial amount of economic crime is believed to be committed within the taxi industry (SOU 1997:111). The most common problems found relate to unregistered taxi journeys and undeclared wages payments. However, the police have the authority to monitor taxi time sheets. By this means, the traffic police – whose work is in no way focused on economic crime – may monitor that time sheets are filled in, which would in turn make the commission of tax offences more difficult. Deficiencies may be reported to the county administrative board which may revoke licences. This constitutes a more cost-effective means of control in this case than audits conducted by the tax authority since unregistered taxi journeys are not easily detected.

**ILLEGAL IMMIGRATION**

The aliens’ divisions within the police service collaborate with the Swedish Migration Board in order to reduce levels of black-market labour (Migrationsverket, 2000). The underlying condition is that there are individuals who reside in Sweden illegally. One way for these people to support themselves is by working without declaring any income. An additional problem relates to individuals who have been granted residency permits – or may even have been given Swedish citizenship – but who register themselves as asylum seekers using false identities (double identities). The objective is to receive benefits and a home that can then be rented out to others. This may also occur with individuals who have no residency permits but who have been able to continue living in the country since they were once registered as living here. Individuals who have not been removed from the national residency register may utilise the social welfare system in its entirety.

The Swedish Migration Board plays a central role in relation to the issue of illegal immigration and similar problems. The public therefore turn to the Migration Board with tips which may then be passed on to the relevant agency. The operation focused on cleaning up the restaurant sector described earlier (Operation Krogsanering) provides an opportunity for the Migration Board to participate, together with the police and other agencies, in controlling the employment of black-market labour, the use of double identities, and other issues associated with illegal residency. Collaborations also take place between the Migration Board and the passport police, with the former being able to provide information on a certain individual’s residency status. The Migration Board and those maintaining the national register of residency inform one another of individuals who have not been resident in the country for a long period of time.
References


RRV (1999:39A). Kontrollen inom välfärdssystem och inkomstbeskattning. [Controls within the welfare system and income tax collection]

RRV (2001:29), Vad hindrar Ekobrottmyndigheten? [What prevents economic crime?]


Appendix

Appendix 1. From penal sanctioning to self-regulation. A model for the regulation of economic offending

Figure 1. Pyramidical anti-crime model (following Braithwaite, 1995)

LARGE NUMBER OF ACTORS MAY PREVENT CRIME

In line with the directive, this work has to date focused on the preventive measures taken by anti-crime agencies. This final section focuses on work to prevent economic offending viewed from a broader perspective. The motivation is that of attempting to provide a comprehensive picture of a strategy of economic crime prevention. The objective is to locate the anti-crime agencies in the context of a broader overview of the area and to show that these agencies are not alone in having the opportunity to prevent economic offending (Korsell & Nilsson, 2003; Korsell, 2004). Instead, crime preventive actors must work to complement one another (Grabosky, 2001).

Figure 1 presents several different measures that may be employed to sustain obedience to the law. At the bottom of the pyramid we find ‘softer’ measures such as the provision of services and information. The higher up the pyramid we move, the more uncommon and serious the measures described. The pyramid is intended to show that there is a hierarchy of
measures which begin at the base of the structure and then move upwards until the goal of obedience to the law is achieved.

**TO PUNISH OR PROVIDE SUPPORT?**

In principle there are two different strategies that a society may employ in order to attempt to ensure obedience to the law (Hawkins, 1984, Slapper and Tombs, 1999). The first of these strategies focuses on the use of punishment. The other is of a more advisory and supportive nature. The employment of punishment is a strategy primarily associated with society’s anti-crime agencies. Administrative agencies that exercise some form of control function assume a more advisory and supportive role. On the other hand, administrative agencies may determine to use measures that the majority of those subject to them perceive to be more serious than penal sanctions. This is the case where a restaurant has its license to serve alcohol revoked for example.

Punishments are meted out when somebody has acted in breach of regulations, and the strategy is not in the first instance focused on ensuring that regulations are in fact followed. Punishments are common when the illegality of an act is categorical and unproblematic, and particularly when such acts cause some form of harm and when the offence takes place outside of the framework of another operation and could not have been predicted, and when contacts with the relevant agencies are conducted under pressure and are of a temporary nature.

The strategy of providing advice and support has the objective of preventing harm rather than of punishing something illegal. The goal is to redress and repair harm or damage at as low a cost as possible. Here agencies negotiate in order to ensure that regulations will be followed in the future. Contacts with these agencies are of a longer term nature, and their intensity increases gradually over time. If this relationship should eventually lead to a prosecution, it is regarded as having been unsuccessful. This strategy is applied when the victims lie at some distance from the offence, are a diffuse or indeterminate group and when the nature of the offence is such that it may be developed into a social relationship between the agency and the offender. In the area of tax regulations, for example, there are substantial opportunities for the tax authority to educate those liable to pay taxes, since as a rule they have a long term relationship with them (Korsell, 2001b).

One reason for relying less on punishment and more on persuasion is that punishment is expensive whereas persuasion is cheap. As an example of this factor, Ayres and Braithwaite (1992:26) present research findings from agencies monitoring safety within the mining industry. In cases where 

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40 The trend in Sweden at present appears to be moving towards an increasingly repressive approach on the part of agencies that exercise some form of control function. This is seen inter alia in the growing propensity of the environmental and health protection boards to report suspected offences and in the increases in environmental protection charges. It is possible that this trend towards the use of the big stick may in the long term have a negative effect on the propensity to act in accordance with the law and on levels of confidence in the agencies involved (Korsell, 2001).
agencies of this kind relied on a strategy of punishment – which is very
demanding in terms of resources – agencies ran the risk of spending *more
time in court than in mines*. In other words, the policy of the big stick led to
a cat-and-mouse game and an unwillingness to follow the regulations.
Instead, an alternative policy would have allowed the agencies both to
make savings on resources and to instead focus these on monitoring and
persuasion. In addition, better results would have been achieved in terms of
acting in accordance with the law.

Several researchers have also pointed to the way that in complex modern
societies, trust has replaced direct supervision (Shapiro, 1980; Jamieson,
1984; Reis, 1984). In order to effectively prevent economic offending, then,
there are good reasons for society to employ a strategy that is based more
on efforts to achieve obedience to the law than on the use of punishment.
Reiss (1984) argues that strategies of the former kind are preferable where
the opportunities to detect and sanction offences are limited.

Many economic offences are committed in private environments to
which society’s control agents rarely have access (Clarke, 1990; Katz, 1979;
Persson, 1980; Stinchcombe, 1963). Further, these offences are integrated
with business activities, i.e. of the *right* person, in the *right* place and in the
*right* context. The offences are therefore concealed by the functional nor-
mality of the organisation concerned and by the legitimacy of the offender.
This constitutes a major difference by comparison with many traditional
offences. Since it is difficult to detect economic offences as a result of the
character of the environment in which they are committed, penal justice
based control systems face a fundamental difficulty which will adversely
affect their chances of success (Geis, 1984).

**BOTH SANCTIONS AND SUPPORT**

There are research findings that show that if regulation of a certain area is
to be successful, it must be based on the insight that members of the
business community are at times very much motivated by a desire to earn
money, but that they are sometimes just as much motivated by a sense of
social responsibility (Ayres and Braithwaite, 1992:22). It is therefore not
possible to regulate an area exclusively by means of policies based on the
use of punishment or voluntary persuasion. Members of the business com-

community introduce self-regulation when they can be motivated by economic
considerations. Policies which are primarily based on the use of punish-
ments will undermine their goodwill when they are already motivated to act
responsibly. A policy that is based exclusively on persuasion and self-
regulation will instead be abused by business owners who are only out to
make money. If preventive work is to be successful, i.e. if it is to produce
the maximum preventive effect, then, the importance of approaches that
work in several different ways at the same time cannot be overemphasised.

**AGENCIES AND OTHERS WITH CONTROL FUNCTIONS**

Traditionally, many areas associated with economic offending have been
monitored by administrative agencies. Thus in the area of taxation, the tax
authority has the central preventive role, to use various measures to attempt
to produce a high level of voluntary participation among taxpayers. The
measures available for this purpose include everything from working to
provide a service and simplifying regulations to the use of intelligence work
and criminal investigations (cf. the pyramid in Figure 1). The tax authority
also has an important role to play in the prevention of accounting offences.

British experience has shown that individuals and companies that
become the objects of detailed examination by the tax authority tend subse-
quently to follow the law (Clarke, 1990). The tactics employed by both the
British and the Swedish tax authorities involve attempting to convince
taxpayers that honesty and co-operation are the best means of avoiding
problems (cf. Clarke, 1990:111). The provision of information and service
saves expending time and effort in investigations.

It has been seen that society has been unable to get to grips with tax
offenders using tough measures in the same way as with traditional offen-
ders. This is because perceptions regarding tax evasion are somewhat
ambivalent. Tax evasion is probably quite commonly perceived as not really
being criminal, at least as long as it is conducted within what might be
viewed as reasonable limits (Korsell, 2002). If the tax authorities were to
behave too heavy handedly there is a risk for control-related harms and for
a reduction in levels of voluntary participation (Clarke, 1990). At the same
time, the majority are nonetheless willing to follow the rules and to pay
their taxes. It is important that they feel that others are also paying their
dues, however. If they perceive that tax controls are not working, their own
willingness to pay may disappear.

There is an artificial difference between tax avoidance and tax evasion.
In legal terms, however, the difference is substantial, since tax avoidance
may either be accepted or counteracted by means of concrete measures such
as transparency or tax avoidance regulations. Tax evasion is a crime and
falls under the Tax offences Act (Skattebrottslagen). American studies have
shown however that taxpayers do not bother with tax avoidance unless
both the sums involved and the tax profits are sufficiently large. The reason
is that the planning involved in tax avoidance takes too long, involves going
to a great deal of trouble and costs money. The alternative is to commit a
less costly tax offence. Whether or not an individual chooses this alternative
will depend on the taxpayer’s perceptions as to the agencies’ vigilance and
effectiveness. It is therefore important to increase the risk of detection.

Unlike income tax, value-added tax tends to attract professional frauds
since there are relatively simple ways of collecting cash from the govern-
ment by such means (Clarke, 1990).

In summary, tax controls must be able to deal with all the motivations
and opportunities that exist for the commission of tax offences by means
of a preventive strategy that begins at the base of the pyramid and ends at
its apex.

Official receivers, who have been assigned tasks similar to those of pub-
lic authorities, prevent crimes against creditors, tax and accounting offences
by means of the controls they conduct in association with their receivership
activities. The supervisory agency that works with bankruptcies (the enfor-
cement agency) also has a crime preventive function in relation to offending of this kind.

**USING LEGISLATION TO INVOLVE THIRD PARTIES**

One means of developing controls is to involve a third party, i.e. an actor in addition to the control agency and the object of control. The advantage of involving a third party is that he or she typically has less to lose than the offender if a crime is detected, whilst at the same time a third party may have something to lose if no offence report is made. Banks and other financial institutions are to report suspected money laundering transactions\(^{41}\). Thus company auditors have a duty to report suspected offences (Larsson, 2004).

**SELF-REGULATION**

Corporate actors are not just value maximizers – of profits or of reputation. They are also often concerned to do what is right, to be faithful to their identity as a law abiding citizen, and to sustain a self-concept of social responsibility. During Braithwaite’s fieldwork, business informants repeatedly argued that the common characterization of them as motivated only by money was a simplistic stereotype. (Ayres and Braithwaite, 1992:22)

The importance of anti-crime agencies stimulating the business community to regulate itself has been emphasized above. By comparison with the situation in the 1980s, the insight that there is a need for self-regulation has become more widespread within the business community (SOU 1997:111). The importance of self-regulation can be seen in research findings which show the following (Braithwaite and Fisse, 1987):

> Representatives of companies and their employees may act morally and are not simply maximizers of economic utility. They are concerned about their good name and reputation and have self-respect. They prefer to regulate problems that exist themselves rather than rely on heavy handed legislation.

Self-regulation may be more effective than control carried out by public sector agencies: the internal monitoring systems of the companies involved have a greater technological and social capacity to investigate the organisation’s activities and may therefore carry out more comprehensive and frequent controls than the agencies (Braithwaite and Fisse, 1987). Self-regulation is not stimulated exclusively by the goals of the companies themselves, but also via external pressure, first and foremost via agency controls and the consequences that may follow upon breaches of regulations.

\(^{41}\) Internal third parties include health and safety representatives and representatives working to ensure that the personal information stored in computer systems does not extend beyond what is allowed by law.
CRIME VICTIMS

In the case of crimes against creditors, potential victims – creditors and suppliers – serve a preventive function by carefully scrutinising the companies they do business with.
Appendix 2.

From the National Tax Board’s [Skatteverkets] report “Twin Tack in the crime prevention work of the tax-offence units,” [Skattebrottsenheternas brottsförebyggande verksamhet] (SKV, 2004).

1. BUSINESS – SECTOR

2. ACTIVITY – ORGANISATIONAL FORM

(More than one alternative possible)
- Joint-stock company/Economic association
- Private firm
- Partnership/Limited partnership company
- Non-profit organisation/Foundation
- Employee/Private individual
- Other

3. OFFENCE TYPE

(More than one alternative possible. Relevant crime code in parentheses)
- Tax crime, tax misdemeanour, negligent tax declaration(5020 - 5022)
- Accounting offences (1114)
- Tax return offences, negligent tax return (5023)
- Obstruction of tax control (5024)
- Tax deduction offences (5025)
- Crimes against Companies Act (5031)
- Violation of injunction against conducting business (5030)
- Misconduct, negligence against, or showing favouritism towards, creditors (1111 – 1113)
- Fraud and other forms of fraudulent behaviour, Penal code, Chapter 9, Sections 1 – 3 (09xx)
- Forgery of documents (1406)
- Population Registration Act (9001)
- Law on Safeguarding of Pension Commitments (9001)
- Other offences (9001)

4. TAX FORM

(More than one alternative possible.)
- Payroll tax/Pay-As-You-Earn tax
- Capital
- Value added tax
- Business
- Selective purchase duties
- Service
- Other taxes and duties
OBJECTIVE DESCRIPTIVE CONDITIONS

(Several different conditions possible)

- Black-market labour
  - Underlying explanation:
    Unreported wages to staff for work done for example in labour-intensive sectors such as cleaning, construction etc. This does not include withdrawals made by self-employed persons.

- Cash payments
  - Underlying explanation:
    Where crimes can be linked to the fact that large amounts of cash are handled in the course of operations. Often appears in combination with unreported income.

- Shell companies
  - Underlying explanation:
    Companies that have been stripped of all their real assets, with only taxed and untaxed profits remaining in the firm.

- Private and other expenses not related to the business/personal withdrawals
  - Underlying explanation:
    This point refers to self-employed businessmen who make withdrawals for their own benefit which e.g. appear as expenses relating to company operations.

- Disreputable formation of stock company
  - Underlying explanation:
    A person who holds stock in joint-stock companies without sufficient cover for the stock capital in the company, or who doesn’t ensure that the stock capital is intact when the stock company is transferred to the purchaser.

- Non-filers
  - Underlying explanation:
    Where business operations are conducted without being registered at the National Tax Board or the Swedish Companies Registration Office.
- Tax taken into account not based on business transactions
  - Underlying explanation:
    Tax has been repaid (most commonly VAT) because posts had been included in a tax return that were not based on business transactions. May include false statements of income with high preliminary tax deductions.

- Unreported incomes
  - Underlying explanation:
    Unreported incomes, possibly including outgoing VAT payments. Primarily commercial operations, service and capital.

- Shrinkage in reporting of taxes
  - Underlying explanation:
    The amount of tax reported is too low, e.g. in order to delay tax payments in the face of economic problems. This point does not refer to systematic tax evasion by means of shrinkage programmes for tax registers for example.

- EU-trade
  - Bookkeeping not conducted
  - Bookkeeping not retained
  - Operational model/Systematic/crime plan
  - Bankruptcy/previous bankruptcies
  - Insurance frauds/crimes against creditors
    - Underlying explanation:
      Different types of offences involving fraudulent behaviour. E.g. frauds against unemployment benefit or social security offices.

- Use of front-men, decoys
  - Links to foreign countries
  - Tax havens
    - Underlying explanation:
      Low-tax countries are used dishonestly in order to avoid paying tax in Sweden.
o Abuse of business tax registration
  ▪ Underlying explanation:
    May involve business tax registration being invoked where none exists, or a company registered for business tax being used as a tool in a criminal operation.

o Abuse of technical tools
  ▪ Underlying explanation:
    One element of the crime has involved the manipulation of technical tools, such as taxi-meters or cash registers.

o VAT statement in tax return
  ▪ Underlying explanation:
    The method used to report VAT has been employed to avoid paying tax, or the choice of method has made the crime possible.

o Factoring/change accounts
  o False/misleading documents
    ▪ Underlying explanation:
      Invoices, receipts, contracts etc. give the impression that an event has taken place in a certain way.

o Dishonest advisors
  ▪ Underlying explanation:
    The crime was initiated by advisors in order to reduce tax. This point refers to planned tax evasion, not to cases of ignorance and poor advice.

4. CAUSES OF THE OFFENCE – SUBJECTIVE FACTS

(More than one alternative possible)
  o Deficient knowledge of regulations/responsibilities
  o Negligence
  o Mislead by advisor
  o Another responsible/ One element in a more comprehensive crime
- Personal profit
- Crime made necessary by reasons of competition
- Regulations difficult to interpret
- Offence influenced by personal situation
- Misunderstandings
- Economic problems within the firm

5. PROPOSALS FOR CRIME PREVENTIVE MEASURES

(More than one alternative possible)
- External information, general
- External information, focused
- External information, mass media
- Internal information (The National Tax Board)
- Influencing legislation
- Tax controls
- Intervention by another agency
- Collaboration with other agency or organisation
- Not possible to influence