First day assignment for **White Collar Crime** course with Professor Mary Ramirez

There are THREE parts to the first day assignment.

**PART I:** Please read the following: Pages 1-21 in ISRAEL, ET AL., WHITE COLLAR CRIME LAW AND PRACTICE.

**PART II:** Please answer Problem One below:

**Problem One: Defining White Collar Crime**

*Which of these individuals, if any, are white collar offenders? Which of these individuals committed a white collar crime? Explain your answers by reference to the discussion in the reading assignment.*

A. Lynn, a waitress who works in a luncheonette, earns a salary slightly above the minimum wage. The tips that Lynn makes exceed this salary, allowing Lynn to have a yearly income of $35,000.00. Lynn reports the entire salary as income when filing an income tax return, but does not report the tips received from customers. Lynn is charged with tax fraud.

B. Jess owns several businesses in a major city. Jess fails to report income from one of these businesses on the tax return filed. Jess is charged with tax fraud.

C. Dana is a stockbroker. At a recent party Dana used cocaine. Unbeknownst to Dana, one of the people at the party was an undercover agent for the Drug Enforcement Agency (DEA). Dana is arrested for possession of cocaine.

**PART III:** We will be watching a movie over the first week of class. In connection with this activity, please review the following questions prior to class:

**INSIDE JOB** *Directed by Charles Ferguson* (2010)

This film covers the global financial crisis that came to a head in 2008, but began decades earlier through deregulation of the financial markets. Below are questions to ponder that we will discuss after we finish watching the movie. *As you contemplate the questions below during the film, please make notes that you can refer to later when we discuss these questions.*

**Part I: How We Got Here**

1. The first part of the movie covers the Savings & Loan Crisis of the 1980’s that arose after deregulation of the Savings & Loan industry. Many of the actors in that crisis were criminally prosecuted. Nevertheless, by the late 1990’s to early 2000’s the financial industry had engaged in numerous activities that fall within the White Collar Crime studies. *Identify the names of these companies and the activities they engaged in that may be considered white collar crimes.*
2. The movie describes deregulatory policies that began in the early 1980’s. *Is there a need for criminal prosecutions when there are regulatory agencies charged with oversight? Is regulatory oversight an effective means to control financial fraud and other white collar crimes? What are the challenges to effective regulatory oversight? Do deregulatory policies suggest that oversight in the financial sector is unwarranted?*

**Part II: The Bubble**

3. The movie characterizes the activities leading up to the financial crisis of 2008 as a “global Ponzi scheme.” *Identify potential crimes that could be charged based on the described activity, and who is eligible to be prosecuted for those crimes—individuals, corporations, or both.*

4. If you were a government prosecutor, would you prosecute any of the above, identified in question 3? *What are the challenges to prosecution? In investigating the crimes, what tools are available to the prosecutor to uncover fraudulent activity? Should the prosecutor use subpoena power? Search warrants?*

5. *What defenses might be raised by defense counsel?*

6. *If government regulators do not step into stop misconduct, then is it appropriate to criminally charge individuals who engage in that misconduct?*

**Part III: The Crisis**

7. One claim by Henry (Hank) Paulson (Treasury Secretary in 2008, and former Goldman-Sachs CEO), was that they did not know about the risks. For fraud, the *mens rea* element is, at a minimum, knowledge or specific intent. *Does there appear to be sufficient evidence of knowledge or specific intent?*

**Part IV: Accountability**
8. With 3000 lobbyists, and more than $5 billion in campaign contributions between 1998-2008, and even more money in campaign contributions since the Supreme Court’s decision in Citizen’s United, what evidence do you think should be required to prove a bribe to a politician?

9. Several economists were identified as having prepared studies in support of the financial products developed and sold by banks and mortgage companies. Is the study of Economics subject to corruption or merely bad assumptions? Should experts be held accountable for their role in advising upon risky financial products? How do recommendations or studies offered by experts impact the ability for a prosecutor to prove intent to defraud? Should corporate executives be able to rely on experts in the field even if there is substantial disagreement among experts?

Part V: Where Are We Now?

10. Who, if anyone, should be charged? Individuals only? Corporations? If civil sanctions are available to recoup financial losses, should criminal prosecutions be pursued?