

**WHITE-COLLAR VICTIMISATION: a study exploring  
the harms which employees may incur as a result of working  
for organisations in which white-collar violations take place.**

**A thesis submitted for the degree of Doctor of Philosophy**

by

BARBARA SPALEK

Department of Law, Brunel University

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## **ABSTRACT**

This project examines two case studies of ‘employee victimisation’, as part of a wider exploration of ‘victimisation’ by ‘white-collar crime’. Former employees of Robert Maxwell’s business empire are interviewed, and the impacts upon their lives of the plundering of their company pension schemes by their boss, Robert Maxwell, are documented. The second case study analysed is that of the closure of the Bank of Credit and Commerce International. Former employees of this bank are interviewed and the impacts upon their lives as a result of working for an institution considered to be corrupt by regulatory authorities are documented. Results reveal that, similar to the consequences of physical and sexual violence and property crime, the individuals taking part in this project endured emotional, psychological, physical, behavioural and financial harms. At the same time, however, unforeseen and undocumented consequences were uncovered which point to the need for further research on ‘employee victimisation’ and on ‘white-collar victimisation’ in general.

## CONTENTS

|                     |  |    |
|---------------------|--|----|
| <b>Introduction</b> |  | 12 |
| <b>Chapter 1</b>    | <i>Competing Paradigms within Victimology: tension between 'structure' and 'agency'.</i> |    |
| 1                   | Introduction   | 18 |
| 1.1                 | The Sub Discipline 'Victimology'   | 18 |
| 1.2                 | Different Victimological Perspectives  | 19 |
| 1.3                 | Positivist Victimology   | 20 |
| 1.3.1               | Lifestyle and Routine Activities   | 24 |
| 1.4                 | Summary  | 32 |
| 1.5                 | Radical Victimology  | 32 |
| 1.5.1               | Feminist Perspectives  | 39 |
| 1.6                 | Critical Victimology   | 43 |
| 1.7                 | Conclusion   | 45 |
| <b>Chapter 2</b>    | <i>Impacts of Victimization.</i>   |    |
| 2                   | Introduction   | 47 |
| 2.1                 | Impacts of Victimization   | 49 |
| 2.2                 | Victimization: The Psychological Impact  | 49 |
| 2.2.1               | The Shattering of Cognitive Meanings   | 49 |
| 2.2.2               | Loss of Control  | 50 |
| 2.2.3               | Self-blame   | 51 |
| 2.2.4               | Comparing One's Experiences with that of Others';<br>Hypothetical worlds                 | 52 |
| 2.2.5               | Search for Meaning   | 53 |

|       |   |    |
|-------|---|----|
| 2.2.6 | Attitudes toward Perpetrators                               | 54 |
| 2.3   | Victimisation: The Emotional Impact                         | 54 |
| 2.3.1 | Fear  | 55 |
| 2.3.2 | Anger   | 55 |
| 2.3.3 | Post Traumatic Stress                                       | 56 |
| 2.3.4 | Internalising or Hiding Emotions                            | 57 |
| 2.4   | Victimisation: The Behavioural Impact                       | 57 |
| 2.4.1 | Avoiding the Particular                                     | 57 |
| 2.4.2 | Avoiding the General  | 58 |
| 2.5   | Victimisation: The Physical Impact                          | 59 |
| 2.6   | Victimisation: The Financial Impact                         | 60 |
| 2.7   | Summary   | 61 |
| 2.8   | Influences upon the Severity of the Impact of Victimisation | 61 |
| 2.8.1 | Pre-victimisation Factors                                   | 61 |
| 2.8.2 | Factors relating to the Victimisation Event                 | 62 |
| 2.8.3 | Post-victimisation Factors                                  | 63 |
| 2.8.4 | Support and Coping  | 64 |
| 2.9   | Problematizing the Category ‘Victim’                        | 68 |
| 2.10  | Victim Initiatives  | 71 |
| 2.11  | Summary   | 73 |
| 2.12  | Conclusion  | 73 |

**Chapter 3**     *White Collar Violations: Problems of Crime and Victimisation.*

|       |   |    |
|-------|---|----|
| 3     | Introduction  | 75 |
| 3.1   | Documenting the Costs/Impacts of White Collar Violations                  | 75 |
| 3.1.1 | Definitions of ‘White Collar Crime’                                       | 75 |
| 3.1.2 | White Collar Violations as ‘Hidden’                                       | 81 |
| 3.1.3 | Physical, Psychological and Financial Costs of<br>White Collar Violations | 84 |



|                  |   |     |
|------------------|---|-----|
| 3.1.4            | Summary   | 86  |
| 3.1.5            | Documenting Risk from White Collar Violations<br>and Victim Lifestyles and Demographics                             | 87  |
| 3.1.6            | Media Reportage and White Collar Violations   | 91  |
| 3.2              | Political/Legal/Social Responses to Victims of<br>White Collar Violations   | 93  |
| 3.2.1            | The Ambiguous Status that ‘Victims’ of<br>‘White-Collar Crime’ Occupy   | 93  |
| 3.2.2            | White Collar Victims’ Experiences with Criminal<br>Justice Agencies and/or Regulatory Authorities                   | 93  |
| 3.2.3            | White Collar Victim Support/Pressure Groups   | 95  |
| 3.3              | Conclusion  | 96  |
| <br>             |   |     |
| <b>Chapter 4</b> | <i>The Case Studies.</i>  |     |
| <br>             |   |     |
| 4                | Introduction  | 97  |
| 4.1              | The Cases Studied   | 97  |
| 4.2              | Robert Maxwell  | 98  |
| 4.3              | The Bank of Credit and Commerce International   | 100 |
| 4.3.1            | The Structure of the Bank of Credit and Commerce<br>International   | 101 |
| 4.3.2            | The Closure of the Bank of Credit and Commerce<br>International   | 101 |
| 4.3.3            | Losses made at the Bank of Credit and Commerce<br>International   | 102 |
| 4.3.4            | The Bank of Credit and Commerce International’s<br>links with Drugs Money Laundering and Terrorist<br>Organisations | 103 |
| 4.4              | Conclusion  | 105 |

**Chapter 5**    *Methodology: the process of carrying out a research project about white-collar victimisation*’.

|       |  |     |
|-------|--|-----|
| 5     | Introduction   | 106 |
| 5.1   | Qualitative versus Quantitative Methods  | 106 |
| 5.2   | Access to Victims  | 108 |
| 5.3   | Interviewing Former Employees of Robert Maxwell’s<br>Business Empire whose Pension Money was Defrauded | 110 |
| 5.4   | Interviewing Former Employees of the Bank of<br>Credit and Commerce International                      | 113 |
| 5.5   | Sampling   | 115 |
| 5.6   | Interrogating ‘White Collar Victimisation’   | 116 |
| 5.6.1 | ‘Victims’ of ‘White-Collar Crime’  | 116 |
| 5.6.2 | ‘Structure’, ‘Agency’ and Victimisation  | 118 |
| 5.6.3 | The Interview Schedule   | 120 |
| 5.7   | Ethics   | 120 |
| 5.8   | Interviews with Financial Advisers   | 121 |
| 5.9   | Media Analysis   | 122 |
| 5.10  | The Analysis of Qualitative Data   | 123 |
| 5.11  | Conclusion   | 125 |

**Chapter 6**    *Exploring White-Collar Victimisation: a study looking into the impact of the Maxwell scandal upon former Maxwell employees*

|       |  |     |
|-------|--|-----|
| 6     | Introduction   | 126 |
| 6.1   | White-Collar Victimisation: Victim Awareness                           | 126 |
| 6.1.1 | Hearing the News   | 127 |
| 6.1.2 | How Victims Made Sense of the Chain of Events<br>That led to the Crime | 130 |

|       |  |     |
|-------|--|-----|
| 6.2   | White-Collar Victimization: The Emotional Impact     | 134 |
| 6.2.1 | Anger  | 134 |
| 6.3   | White-Collar Victimization: The Physical Impact      | 139 |
| 6.4   | White-Collar Victimization: The Psychological Impact | 142 |
| 6.5   | Pensions as Vulnerable Investments                   | 143 |
| 6.6   | White-Collar Victimization: The Behavioural Impact   | 151 |
| 6.7   | Summary  | 152 |
| 6.8   | Conclusion   | 156 |

**Chapter 7**     *‘Structure’, ‘Agency’ and White-Collar Victimization: locating the structural context to former Maxwell employees’ experience of victimisation, and documenting the actions which they have carried out in order to mitigate the detrimental impacts of the crime committed against them.*

|       |   |     |
|-------|---|-----|
| 7     | Introduction  | 158 |
| 7.1   | Maxwell Pensioners as Employees within the Print Industry | 159 |
| 7.1.1 | Print   | 159 |
| 7.2   | Former Maxwell Employees as Investors in Pension Schemes  | 170 |
| 7.2.1 | Financial Regulation                                      | 170 |
| 7.2.2 | Former Maxwell Employees as Responsible Investors         | 177 |
| 7.3   | A Spatial Distribution of the Maxwell Scandal             | 180 |
| 7.4   | Former Maxwell Employees’ Responses to their Plight       | 181 |
| 7.4.1 | Action as Agency  | 182 |
| 7.5   | Conclusion  | 186 |



**Chapter 8**     *A study looking into the Impact of the Closure of the Bank of Credit and Commerce International upon Former Employees.*

|                              |   |     |
|------------------------------|---|-----|
| 8                            | Introduction  | 188 |
| 8.1                          | Employees' Knowledge of Events which Surrounded the Bank of Credit and Commerce International | 189 |
| 8.1.1                        | Hearing the News of the Closure   | 189 |
| 8.2                          | The Financial Impact  | 192 |
| 8.3                          | The Emotional Impact  | 196 |
| 8.3.1                        | Anxiety and Depression  | 196 |
| 8.3.2                        | Anger   | 198 |
| 8.4                          | Regulation  | 202 |
| 8.5                          | Employees' Needs  | 204 |
| 8.6                          | The Psychological Impact  | 208 |
| 8.6.1                        | Stigma  | 208 |
| 8.7                          | The Bank of Credit and Commerce International as a Demonised Bank                             | 211 |
| 8.8                          | Conclusion  | 215 |
| <b>Chapter 9</b>             | <i>Conclusions and table.</i>   | 216 |
| <b>Summary of the thesis</b> |   | 224 |



**Bibliography**

i

**Appendices**

Appendix A

xvii

Appendix B

xix

Appendix C

xxvi

*to my Parents, for their strength and support*

*Before enlightenment  
chopping wood  
carrying water.*

*After enlightenment  
chopping wood  
carrying water.*

*Zen Proverb*

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## **Introduction.**

This thesis is about the consequences and impacts upon employees who have worked for organisations in which fraudulent activities have taken place. While research in the area of white-collar crime has tended to examine employees/managers as offenders (Dalton, 1964; Clinard & Yeager, 1980; Carson, 1981; Braithwaite, 1984; Benson, 1985; Levi, 1987; Coleman, 1994; Jamieson, 1994; Mars, 1994; Punch, 1996; Messerschmidt, 1997), this project explores employee victimisation. What costs might be incurred by individuals who work for businesses in which white-collar violations are committed by their work colleagues/managers/managing directors ?

The impetus for this project arose out of a concern to document forms and impacts of 'white-collar crime'. While the human substance of the experience of victimisation by physical and sexual violence and property crime has extensively been documented (Gittleson, Eacott & Mehta, 1978; McCabe & Sutcliffe, 1978; Norris & Feldman-Summers, 1981; Maguire, 1982; Baum, Fleming & Singer, 1983; Janoff-Bulman, 1983; Janoff-Bulman & Frieze, 1983; Miller & Porter, 1983; Perloff, 1983; Silver, Boon & Stones, 1983; Taylor, Wood & Lichtman, 1983; Wortman, 1983; Shapland, Willmore & Duff, 1985; Mezey, 1988; Lurigio & Resick, 1990; Resick, 1990; Stanko & Hobdell, 1993; Indermaur, 1995 Wortman, Battle & Lemkau, 1997), the consequences of white-collar crime have seldomly been addressed. This perhaps is not surprising, since the area of white-collar crime in general is under-researched (Weisburd & Schlegel, 1992), and researchers have commented that victims of white-collar crime may be hidden since many may be unaware of their victimisation (Croall, 1992). Nonetheless, not all victims of white-collar crime are 'hidden'. Cases such as the Bhopal Disaster, the Dalkon Shield, the Zeebrugge Disaster and financial scandals such as Maxwell and the closure of the Bank of Credit and Commerce International illustrate how such victims may be clearly identifiable. This affords researchers the opportunity to identify some of those affected by white-collar crime and to ask previously unasked questions about their lives and the impact of white-collar offences. This project set out to explore whether employees working for businesses in which



white-collar violations are carried out may incur psychological, emotional, behavioural, physical and financial costs. Moreover, how do these impacts compare to those documented for more traditional crimes such as rape, robbery and burglary? Are there unforeseen consequences which this project might reveal?

Two case studies were chosen, that of the fraudulent use of assets from pension schemes belonging to individuals who worked for Robert Maxwell's business empire, and the closure of the Bank of Credit and Commerce International. With respect to the former case study, individuals who had been working for companies owned by Robert Maxwell were interviewed. The data was then used to analyse the impact upon former employees' lives of the actions of their boss, Robert Maxwell, who used their pension fund assets as collateral for loans which he did not repay, thereby leaving a black hole in the pension schemes (Bower, 1994). With respect to the second case study, the founder of the Bank of Credit and Commerce International and some high-ranking employees of the bank were found guilty of engaging in false accounting, drugs money laundering, fraud and conspiracy (Kochan & Whittington, 1991). On July 5th 1991 the Bank of England closed down the Bank of Credit and Commerce International, alleging that this was a result of large-scale fraud and corruption (Kochan & Whittington, 1991). This project involved interviewing a group of former Bank of Credit and Commerce International employees in order to examine the impact upon their lives as a result of working for an organisation where fraud and other white-collar violations occurred, and which was considered to be corrupt by regulatory authorities.

The two case studies examined by this project also provide insights into the impact that financial crime may have upon investors. Former employees of Robert Maxwell's business empire were investors in Maxwell-run pension schemes, while former Bank of Credit and Commerce International employees held deposit and mortgage accounts at the bank. Financial crime and its consequences seems to be an issue of particular importance, since over the last two decades in Britain government policies have encouraged greater individual participation in shares, insurances, unit trusts and occupational and private pension schemes (Burton, 1994), and yet freemarket policies and an 'enterprise culture' have produced an array of 'financial



scandals' (Stanley, 1992). Large-scale fraud and corruption within the monetary system, as evidenced by scandals such as the Bank of Credit and Commerce International, Blue Arrow, Lloyd's, Maxwell, Barings and Barlow Clowes, to name only a few, have left thousands of investors 'out of pocket' and querying the security of financial markets.

Results of this project revealed that the individuals taking part experienced psychological, emotional, behavioural, physical and financial impacts. This suggests that the experience of employee/investor victimisation may have similar unforeseen and unrecognised consequences accompanying reactions to other types of crime such as rape, robbery, burglary and so forth. At the same time, however, the study revealed that there were aspects of the individuals' victimisation which were quite different from any of those identified by the secondary literature on the impacts of sexual and physical violence and property crime. This suggests that there may be aspects of victimisation by particular instances of white-collar crime quite distinct to documented responses to more traditional forms of crime. As typical to any innovative study, the findings of this research point to the need for additional research on the impacts of white-collar crime on employees and for individuals who invest in, and place their confidence with, the financial sector.

Theoretical perspectives have been developed here out of a concern to understand the wider conceptualisation of victimisation. For instance, radical, feminist and critical perspectives have emerged which have attempted to locate and document victimisation. This research project examined the various theoretical perspectives for their conceptualisation of victimisation, and where applicable, the knowledge gained from the various theoretical paradigms was used to help analyse the research findings. Observations made during the course of this project suggest that while some aspects of victimology and its perspectives may be useful in understanding victimisation by white-collar crime, other avenues of thought may be unhelpful. This suggests that the theoretical perspectives which have been used to address victimisation by physical and sexual violence and property crime may need to be expanded in order to accommodate victimisation by white-collar crime.



## **Summary of the Thesis.**

This thesis is divided into nine chapters. The first three chapters review literature on victimology, impacts of victimisation and white-collar crime, in order to highlight issues which need to be considered when examining victimisation by white-collar crime, and more specifically, when looking at the costs incurred by employees and investors. Chapters four and five present the two case studies examined, as well as the research methods adopted by this project. Chapters six, seven and eight present the research findings, while chapter nine comprises of a conclusion. The following is a summary of each chapter:

Chapter one of this thesis reviews the various theoretical paradigms which researchers have adopted in order to explore victimisation. Some of the issues and themes highlighted in this chapter are later used in order to help inform the empirical analysis of white-collar victimisation.

Chapter two critically reviews the research studies which have examined the impacts of sexual and physical violence and property crime. The work here suggests that a diverse range of crimes have a similar impact upon individuals who are identified as victims in terms of psychological, emotional, behavioural, physical and financial costs. This work is used later to engage in a comparative enquiry into the substance and form of the costs which employees might incur as a result of working for organisations where fraudulent activities occur.

Chapter three explores white-collar crime in detail, including its definition, characteristic features and its regulation. Most researchers locate and understand victimisation by white-collar crime in the abstract through an analysis of fraudulent and criminal actions of corporate and business organisations. However, I suggest that such abstractions are enhanced by speaking directly to those affected by such actions.

Chapter four presents two case studies of those affected: former employees of Maxwell's corporate empire and former employees of the Bank of Credit and Commerce International.



Chapter five gives an account of the methodological approach taken. This chapter addresses the difficulties which may arise when exploring victimisation by white-collar crime. In particular, the difficulty of conceptualising 'white-collar victimisation' is addressed, and the problems which researchers may encounter when trying to establish contact with individuals victimised by white-collar offences is discussed.

Chapter six presents an account of the impact upon former Maxwell employees of the theft of their pension money. Results are presented here in terms of the psychological, emotional, behavioural, physical and financial costs wreaked upon the individuals and how they compare to victimisation by physical and sexual violence and property crime.

Chapter seven continues to discuss the experiences of former Maxwell employees. Here it is argued that in order to understand the full impact of the theft of the individuals' pension money, it is important to consider the socio-economic changes in an industry over the last thirty years in Britain which are integrally connected to people's home and work lives.

Chapter eight presents an account of the impact of white-collar offences occurring at the Bank of Credit and Commerce International, also the closure of the bank, upon some of the former employees of the bank. Similar to chapter six, the findings demonstrate the psychological, emotional, behavioural, physical and financial costs incurred. An important theme to emerge in this chapter is that of the impact of regulatory processes upon former employees' experience of victimisation, also the media portrayal of the bank as corrupt, which helped to stigmatise individuals, preventing them from finding new employment.

Chapter nine constitutes a conclusion in which the results of this study are summarised. When exploring victimisation by white-collar crime I suggest that it is crucial to locate the victim position (as employee/investor/consumer/competitor and so forth) of the individuals affected as this has a significant impact upon the substance

of their experiences. With respect to the Maxwell and the Bank of Credit and Commerce International case studies, individuals' victim positions as employees and investors are central to the impact of the white-collar violations which occurred. Moreover, the case of the Bank of Credit and Commerce International highlights how employee/investor victims may be treated insensitively or inadequately by financial regulators, thereby having an adverse impact on them.



# **Chapter 1: Competing Paradigms within Victimology: tension between 'structure' and 'agency'.**

## **1 Introduction.**

There are many different theoretical positions regarding how to understand and document victimisation. These include positivist, radical, feminist and critical perspectives. Upon examining this work, it becomes apparent that underpinning each theoretical position are different notions of, and emphases upon, 'structure' and 'agency', which influence the ways in which victimisation is understood and analysed.

The following chapter aims to review the various competing paradigms within the 'sub-discipline' 'victimology' in order to provide a theoretical exploration into the human dimension of victimisation. I suggest that it is important to consider the different theoretical positions in terms of their conceptualisations of, and emphases upon, 'structure' and 'agency' as the ways in which socio-structural processes and human action are perceived (if at all) by the various theoretical positions skews our understanding of how criminal and non-criminal events impact the lives of individuals.

### **1.1 The Sub-Discipline 'Victimology'.**

The term 'victimology' was first coined by an American psychiatrist, Frederick Wertham who wrote:

The murder victim is the forgotten man. With sensational discussions on the abnormal psychology of the murderer, we have failed to emphasise the unprotectedness of the victim and the complacency of the authorities. One cannot understand the psychology of the murderer if one does not understand the sociology of the victim. What we need is a science of victimology. (In Fattah: 1989: 45)

Victimology is often referred to as a 'sub-discipline' (Miers, 1989; Mawby & Walklate, 1994), although which discipline it is 'sub' to is not entirely clear. It can be argued that victimology is a sub-discipline to many disciplines, including social



psychology, psychiatry and even management, through research on health and safety in employment. Researchers working within all these diverse fields have conducted studies of various forms and impacts of victimisation (Miers, 1989). However, it seems that the discipline to have had the greatest influence upon victimology is that of criminology. Many researchers looking at victimisation are criminologists (e.g. Wolfgang, 1958; Quinney, 1972; Hindelang et al. 1978; Cohen & Felson, 1979; Jones et al. 1986; Walklate, 1989), while the development of national and local crime surveys has led to the burgeoning of research on criminal victimisation matters (Sparks et al. 1977; Hough & Mayhew, 1983; Hanmer & Saunders, 1984; Hall, 1985; Jones et al. 1986). Victimology is thus an area in which there have been many contributors from a wide range of disciplines, with criminologists having had a substantial impact on the research agenda on victimisation by crime.

## **1.2 Different Victimological Perspectives.**

Although Wertham is believed to be the person who first defined the word 'victimology' (Fattah, 1989), the founder of the (sub)-discipline victimology is regarded as being Von Hentig (1948) (Zedner, 1994; Mawby & Walklate, 1994). Von Hentig (1948) argued that researchers were focusing too much attention upon the perpetrators of crime, and not enough attention was being paid to victims (Zedner, 1994). Von Hentig (1948) is considered to have adopted a positivist perspective, which is concerned to identify characteristics which make particular individuals susceptible to victimisation (Mawby & Walklate, 1994). However, researchers working within the victimological field were later to adopt different theoretical positions. These positions include radical and critical victimologies (Mawby & Walklate, 1994). These perspectives are also found in criminology, which illustrates the intimate connections between victimology and criminology, and the way in which researchers make contributions to both areas<sup>1</sup>. The different victimological perspectives constitute theoretical and empirical enquiry into the nature of victim-offender interactions, the nature of societal structure and how this impacts upon victimisation, and the relationship between 'structure' and 'agency'.

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<sup>1</sup> For example, left realism is a theoretical position evident in the discipline of criminology. However, through the use of local crime surveys, left realists (Jones et al. 1986) have mapped the social and spatial location of victimisation.



### **1.3 Positivist Victimology.**

Positivist victimology has been labelled conservative victimology (Karmen, 1990) and conventional victimology (Walklate, 1989). The main authors associated with this approach to the study of victimology include Von Hentig (1948), Mendelsohn (1956), Amir (1971), Hindelang et al. (1978) and Cohen and Felson (1979). Upon examining the works of these authors, it becomes apparent that positivist victimology has approached victimisation predominantly from a perspective which analyses the behaviour of victims, that is, victims' agency. Moreover, it seems that researchers have examined victims' behaviour predominantly in terms of their culpability, and so may have implicitly blamed victims for their plight (Von Hentig, 1948; Wolfgang, 1958; Amir, 1971). Positivist victimology has also been criticised for inadequately addressing the impact that structural processes, such as race, class and gender, may have upon the experience of victimisation (Walklate, 1992). Violent and property crime have tended to be the focus of analysis, thereby limiting our understanding of victimisation to the impact that these crimes have upon individuals (Von Hentig, 1948; Wolfgang, 1958; Amir, 1971; Hindelang et al. 1978; Cohen & Felson, 1979). Miers thus argues that positivist victimology may be defined as :

The identification of factors which contribute to a non-random pattern of victimisation, a focus on interpersonal crimes of violence, and a concern to identify victims who may have contributed to their own victimisation (Miers: 1989: 3)

Von Hentig (1948) was first to identify a number of factors which were considered to contribute to the likelihood of being victimised. He created a victim typology which consisted of several general classes of victim, including the young, the old, female, the mentally defective and immigrants, minorities and dull normals. Von Hentig (1948) also presented 'psychological types of victim' which involved the depressed, the acquisitive, and the wanton. These psychological attributes could be inherited or acquired. However, Von Hentig's (1948) typology can be criticised for being based on anecdotal observation rather than empirical evidence. Von Hentig's (1948) book 'The Criminal & His Victim' was not written on the basis of any



empirical analysis conducted by Von Hentig (1948) himself, but rather involves a series of observations made by him. As a result, there is little sense of how Von Hentig (1948) formulated these categories. For example, Von Hentig (1948) writes:

It is astonishing how many younger girls and even children are victims more in law than in fact. F. Leppmann, one of the most experienced medicolegal experts, has pointed out the facts that some very small girls do not make any resistance, do not try to escape, and show 'semicompliance', a mixture of curiosity and fear, bodily intactness and mental challenge....Leppmann gives examples of how the cracking of ambiguous jokes, certain dancing techniques, even certain immoral mores of crowds which girls have joined, contribute to the criminal outcome.' (Von Hentig: 1948: 406).

A lack of an empirical foundation is also a criticism of Mendelsohn's (1956) work. Mendelsohn (1956) created six categories of victim, consisting of the 'completely innocent' to the 'most guilty' (Mawby & Walklate, 1994). Again, this work consists of anecdotal, impressionistic evidence (Miers, 1989).

As can clearly be seen above, early work labelled as positivist victimology, through examining victims' attributes, attempted to develop an understanding of victimisation through placing scrutiny upon the victim. Later work in this perspective, including the work of Wolfgang (1958) and Amir (1971) (Wolfgang's PhD student) continued to do this, through developing the notion of 'victim precipitation', whereby it was argued that the victim precipitated the victimising event. For example, Wolfgang (1958) studied homicide cases in Philadelphia, and concluded that twenty-six per cent of those were cases where the homicide was due to victim precipitation. Amir (1971) examined police reports on forcible rape in Philadelphia, he categorised nineteen per cent of his sample of 646 rapes as cases where the victim precipitated the event (Amir: 1971: 259). Amir (1971: 260) devised a typology of victim behaviour from the "accidental victim" to the "consciously" or "unconsciously seductive" victim. Amir (1971) argued that once the victim and offender are drawn together, a process is set in motion whereby victim behaviour and the situation which surrounds the meeting between victim and offender will determine



the course of events which leads to the crime. Moreover, Amir (1971: 335) further suggested that his study refutes the belief that victims are not responsible for their victimisation, since he found that either consciously or by default some victims of rape precipitate the crimes committed against them.

Feminist researchers have criticised the above approaches, suggesting that examining victims' behaviour for its role in the perpetration of a crime may constitute blaming the victim, thereby holding them responsible for their plight (Mawby & Walklate, 1994). In particular, this work has been criticised for the way that these studies naturalise men's sexual violence: women and girls are held responsible for sexual and non-sexual crimes committed against them. As will be illustrated later on in this chapter, feminist research views victims' actions not in terms of their culpability, but in terms of the strategies that individuals engage in in order to mitigate any harm which might be incurred through any violence, or potential violence which may be committed against them (Kelly, 1988; Stanko, 1990). However, countering the feminist critique, Fattah (1989) maintains that research which focuses upon the role that victims play in their victimisation is not to be understood as directly blaming them, but rather can be understood as trying to find the factors which may account for why particular individuals come to be victimised:

Stressing the causal role that some victims play in the genesis of the crime is not meant to hold the victim responsible for his victimisation nor to blame crime on those who suffer its consequences. Social and behavioural scientists are interested in explanation not justification, in understanding the behaviour not rationalising it, in aetiology not in guilt or innocence, in the interpersonal dynamics that led to the crime not in legal excuses or extenuating circumstances. (Fattah: 1989: 54)

However, there seems to be a thin line between blame and account, especially within discourses that emphasise the duty of citizens to avoid victimisation.

It has been suggested that through examining the role of victims in the victimising event this has led to a greater understanding of criminal behaviour, as



patterns of victimisation and offending are not necessarily separate entities. Some researchers argue that 'victim' and 'offender' may not be separate categories, but rather in some instances they may be interchangeable roles depending upon the circumstances of a particular incident at a particular point in time. There are cases where the victim and offender may change roles during the criminal event. For instance, in the case of an argument between two people which escalates into a fight, the person first attacked may kill his/her attacker (Fattah, 1993). Other studies have confirmed that victims and offenders are not necessarily distinct (Sparks et al. 1977; Chambers & Tombs, 1984; Fagan, Piper & Cheng, 1987; Singer, 1981)<sup>2</sup>. Fattah (1989) therefore argues that through examining the demographic and behavioural characteristics of victimisation, criminology can be transformed, from being a static one-sided study of the offender, to being a dynamic, situational approach which views criminal behaviour as the outcome of processes of interaction.

The discussions above suggest that there are considerable differences in the approach taken to victimisation between researchers working within the positivist tradition and researchers working from a feminist perspective. It seems that the differences can be linked to the ways in which the separate perspectives approach and view victims' agency, and how societal structures which may impact upon victimisation are conceptualised, if at all. The tensions between so-called positivist victimology and feminist research have been commented upon by other observers (Rock, 1986; Mawby & Walklate, 1994).

### 1.3.1 Lifestyle and Routine Activities.

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<sup>2</sup> For example, Sparks et al. (1977) used self-report data to find that a significant association exists between offender and victim for incidents ranging from simple to aggravated assault. While Singer (1981) interviewed 567 26 year olds in order to examine the extent to which victims are also guilty of serious assault. Singer (1981: 781) found that individuals who had been shot or stabbed, were involved more frequently in official and self-reported criminal activity than those individuals who had not been victimised. For example, sixty-eight per cent of victims reported committing a serious assault compared with twenty-seven per cent of the non-victims. Furthermore, the individuals who had been stabbed or shot were most often non-white, high-school dropouts, unemployed and single, and had the highest probability of having a friend arrested, belonging to a gang, using a weapon, committing a serious assault and having an official arrest. Another example here is that of Chambers and Tombs' (1984:40) analysis of the Scottish Crime Survey. This revealed that forty per cent of those who had admitted carrying out an assault had themselves been a victim of assault.



The lifestyle approach (Hindelang et al. 1978) and routine activities theory (Cohen & Felson, 1979) examine victimisation at both levels of analysis: examining human agency, but also including structural factors which may influence the distribution of victims. These approaches do not address motivation of offending, rather they focus on the convergence in time and space between the offender and victim and how this influences crime (Gottfredson, 1981). 'Lifestyle' incorporates notions of human agency and the role that this plays in victimisation. 'Lifestyle' is defined as being 'the way in which individuals allocate their time to vocational activities and leisure activities' (Garofalo: 1981: 720). It is argued that differences in lifestyle affect the risk of victimisation because lifestyle affects the probability of being in a particular location at a particular time, coming into contact with a potential offender (Gottfredson, 1981). 'Lifestyle' is thus considered to be partly dependent upon individuals' actions - their work and leisure activities (Hindelang et al. 1978). For example, according to a study by Lasley and Rosenbaum (1988), victims' work schedules, the number of weekend evenings spent away from home and the level of alcohol consumption correlated positively to the chances of being a repeat victim of crime. A study by Smith (1982) revealed that victims were more likely than non-victims to engage in unstructured activities that were more likely to bring them into contact with strangers. While Sparks (1981) argues that in order to be victimised, a person must first provide the offender with an opportunity to commit the crime. For example, for a person to be victimised by car theft, he or she must first own a car. Furthermore, a person may deliberately place him/herself at risk from crime (e.g. by leaving a car unlocked) thereby increasing their chances of being victimised; a person may also have characteristics (e.g. youth, low income) which make him/her more vulnerable to being victimised; a person may also be more attractive a target than another person due to owning a desirable possession such as a Rolex watch for example.

Similarly, the routine activities model also incorporates the notion of human agency in its examination of victimisation. Crime rates are portrayed as being affected by the convergence in time and space of the three minimal elements necessary: motivated offenders, suitable targets and the presence of capable guardians against the violation (Cohen & Felson, 1979). This approach predominantly tries to



explain victimisation by direct contact predatory violations. 'Direct contact predatory violations' have been defined as 'involving direct physical contact between at least one offender and at least one person or object which that offender attempts to take or damage' (Cohen & Felson: 1979: 589). 'Routine activity' is taken to mean any recurrent and prevalent activities (e.g. work, leisure, social interaction) which provide for basic population and individual needs.

Both the lifestyle and routine activities models also consider the role that structural processes play in victimisation. The lifestyle model proposes that lifestyle patterns are determined by individual and group adaptations to structural constraints and role expectations (Hindelang et al. 1978). For example, it is argued that lifestyles are influenced by public policies such as tax policies which may encourage or discourage marriage, since this will influence the number of people living alone; or the availability of public transport, which may influence the number of occasions that people leave their houses (Garofalo, 1986). The routine activities approach also incorporates an analysis of structure within its account of victimisation, since routine activities are shaped by structural constraints. For example, Cohen & Felson (1979) argue that due to socio-economic processes since World War II there has been a dispersion of activities away from households, which has increased the amount of exposure to crime, and thus has increased the amount of crime taking place.

However, the lifestyle and routine activities models have been criticised for inadequately addressing victimisation, due to providing only a partial analysis of the role of human action and structural constraints (Mawby & Walklate, 1994). It seems that the models define 'lifestyle' and 'routine activities' according to those aspects of life that can be articulated and measured through a victimisation survey. This means that those parts of our lives which may not be articulated or uncovered via a victimisation survey are omitted. For example, it can be argued that for people belonging to ethnic groups, racial abuse is a routine, everyday feature of their lives. These individuals may not reveal to the victimisation survey that they are victimised in this way, moreover, the abuse may be such a normal, routine part of their lives that they may not even think to mention it to researchers (Genn, 1988). In this way, aspects of lifestyle and routine activity are excluded from analysis. Secondly, the



lifestyle and routine activities models base risk of victimisation according to public and not private space, since researchers using these models examine the probability of victimisation in relation to the amount of time spent in public places. This means that the private domain is excluded from assessment of the risk of victimisation (Walklate, 1992). The private domain may involve risk of victimisation, since in cases of domestic violence and incest for example, these typically occur in the home (Dobash & Dobash, 1979). Individuals within the lifestyle and routine activities models are also viewed as passive, as living within their structural constraints rather than actively opposing them. Furthermore, the structural constraints themselves are unquestioned. This means that these are viewed as problems of public policy rather than problems of racism, sexism and so forth (Walklate, 1992). The types of crime focused upon are street crime and burglary, which means that the lifestyle and routine activities approaches exclude other types of victimisation, for instance, corporate victimisation. It can further be argued that the models also implicitly blame the victim for their plight, since victimisation is viewed as a result of a person's lifestyle or routine activity, which can be changed (Walklate, 1992).

Nonetheless, the notion of lifestyle and routine activities has been used by researchers working within a perspective labelled as 'administrative criminology' in order to help explain variables which have been found to influence risk of victimisation (Mawby & Walklate, 1994; Laub, 1997). Factors considered to affect victimisation risk have been uncovered through the administration of national and local crime surveys. The first national survey to be conducted which specifically focused upon victimisation by crime was that of the British Crime Survey<sup>3</sup>, which first was issued in 1981 (Hough & Mayhew, 1983). Other sweeps of the British Crime Survey have subsequently been carried out in 1984, 1988, 1992, 1994, 1996 and 1998. The British Crime Survey has been used by criminologists working for the Home Office, who have been labelled as adopting a perspective called 'administrative criminology' (Young, 1994). This perspective has sought to reduce the opportunities of committing crime, not offenders. Crime prevention strategies and victim initiatives

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<sup>3</sup> In Britain throughout the 1970s local crime surveys were conducted (Sparks et al. 1977; Bottoms et al. 1987) and the General Household Survey also included questions about victimisation. However, the



have been pursued, which involve reducing the risks of victimisation through a range of preventative measures (Clarke, 1992). The British Crime Survey has been analysed in order to identify those groups of people most at risk from crime in order to target crime prevention strategies effectively (Mayhew & Hough, 1988). It has been argued that this survey might shed light on the dark figure of crime, in other words, on the crimes which do not get recorded in police statistics. In this way, a more comprehensive picture of crime might be obtained for the efficient allocation of resources. Moreover, Mayhew & Hough (1988) argue that when the First British Crime Survey was carried out it was believed that this would reveal that the risk from serious crime is relatively low, which would ease the anxiety that people feel about crime.

Crime survey data reveal that certain factors are associated with the likelihood of being victimised, suggesting that victims are not just people who happen to be in the wrong place at the wrong time, but rather some people are more likely to be victimised than others due to their personal characteristics and lifestyle (Davis et al. 1997). For instance, people over 60 are least likely to become crime victims, while people aged between 16 and 29 have the highest rates of victimisation for personal crimes of violence and theft (Mirrlees-Black et al. 1997: 32). Crime surveys also show that although sexual and domestic offences are committed mostly against women, males are more likely to be victimised by street crime (Mayhew et al. 1993; Mirrlees-Black et al. 1996). For example, results from the British Crime Survey 1992 show that eight out of ten incidents of domestic violence were against women, while eight out of ten street assaults involved men (Mayhew et al. : 1993: 83). Married people report less victimisation than single or divorced people, while unemployed people are over-represented in victimisation statistics (The Canadian Urban Victimization survey, 1984; Garofalo: 1986: 141; Mayhew et al. 1993; Mirrlees-Black et al, 1998). Some surveys also suggest that people belonging to an ethnic group have high levels of victimisation. For example, in Britain some studies suggest that people belonging to an ethnic group experience higher rates of victimisation in the case of crimes such as burglary, theft, assault and robbery (Mayhew et al. 1989; Fitzgerald &

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first national survey to be conducted which specifically focused upon victimisation by crime was that of the British Crime Survey,



Hale, 1996). However, Smith (1997) argues that when factors such as sex, age, occupation of the head of the household, unemployment, tenure, marital status, educational level, household income, inner-city area, are taken into account, the differences between the victimisation rates of ethnic groups and Caucasian people reduces, and sometimes disappears. Crime surveys also suggest that lower income groups are more likely than others to suffer a personal violent victimisation - including sexual assault, robbery or assault (Fattah, 1989). The characteristics which are associated with high risks of victimisation are thus similar to those associated with offenders: offenders and victims are disproportionately male, young, single, and urban residents of lower socio-economic status (Fattah, 1989). However, the British Crime Survey 1991 suggests that where property crimes are concerned, households with the lowest and highest incomes are at greatest risk of burglary, where low income households are counted as those taking in £10,000 and below a year, while high income households are considered to be those taking in £20,000 and over (Maung et al.: 1992: 47). More recently, findings from the 1998 British Crime Survey suggest that households with incomes of under £5,000 have the greatest risk of burglary, while households with incomes of £30,000 and over are at a higher risk of burglary than households with incomes in the range of £20,000 - £30,000 (Mirrlees-Black et al. 1998: 30).

However, national crime surveys have been criticised by a number of researchers (Genn, 1988; Fattah, 1989; Stanko, 1992; Mawby & Walklate, 1994) for their inability to adequately capture victimisation, due to having limited methodological approaches which do not fully take into account either structural processes which impact upon victimisation nor human 'agency'.

In terms of human action and experience, Fattah (1989) criticises the national surveys for their inability to provide an understanding of the personal and social settings behind each crime, since they do not acquire information about how the victim is selected by the offender, nor information about the interactions which take place between offender and victim. Crime surveys tend to view crime as a series of discrete events rather than as an ongoing process between individuals. This means that the questions commonly used include 'During the last six months did anyone



physically attack you or assault you in any way ?' (Genn: 1988: 91) If the answer is yes then the respondent will be asked how many times and in which week or month this occurred. This approach assumes that people mainly lead crime free lives and that once every so often they may be affected. The British Crime Survey used to impose a limit of four incidents that an individual could say that happened to them, which meant that crimes outside of this figure were not included in the research (Genn: 1988: 91). The 1998 British Crime Survey imposes a limit of six crime events (Mirrlees-Black et al.: 1998: 70), so that again, events which lie outside of this number are omitted. Furthermore, victims' experiences may be so common that they will not be relayed to the interviewer, as the individual being interviewed may view them as just an ordinary part of their everyday lives and not 'crime'. Thus, the level of multiple victimisation is underestimated by surveys, and may indeed not be at all included (Genn, 1988).

Moreover, some researchers argue that national crime surveys belong to a tradition which holds the individual citizen as responsible for reducing their risk of victimisation through engaging in crime prevention strategies (O'Malley, 1992; Mawby & Walklate, 1994). The first British Crime Survey was carried out under a Tory government which, along with the Reagan government of the US, was part of a New Right movement. Under both the Reagan and Thatcher regimes, freemarket policies were pursued, with political arguments made about individualism and a reduced public sector (King, 1987). The New Right preached active citizenship (Hayes, 1994). This entails the belief that citizens not only have rights but they also have responsibilities. In terms of victimisation, individuals are responsible for engaging in crime prevention activities which reduce their risks of experiencing crime (O'Malley, 1992; Mawby & Walklate, 1994). This suggests that political thought also entails notions of 'agency'. It seems that from the viewpoint of the New Right, human agents were seen to be the key players in shaping and defining social phenomena. Through human action engaging in crime prevention strategies, the overall level of crime may decrease, since offenders will have less opportunity to engage in criminal activity. This notion is problematic since it does not take into consideration structural processes which impact upon and shape human behaviour. At any particular point in time, some individuals may not be able to engage in crime



prevention strategies, casting doubt on the idea that individuals have a responsibility to protect themselves from crime (Mawby & Walklate, 1994). Situational crime prevention strategies continue to be popular under a Labour government, which also advocates citizen responsibility.

As far as providing a structural analysis of victimisation, national crime surveys have also been criticised for failing to do this. National surveys provide a way of looking at regularities such as the higher risk of victimisation associated with age, race, income and gender, but they do not examine the structural, social and historical processes which reproduce these regularities (Mawby & Walklate, 1994):

To a criminology which was interested solely in the problem of where to administer and where to apply resources in the endless and never-to-be-won war against crime, they (national crime surveys) were indispensable yet uncontroversial. At no point did they raise the question of why the patterns of victimisation were such - why the structures of society caused crime to appear in one place rather than another and what could be done to eliminate such patterns of injustice.

(Young: 1986: 2)

As previously suggested, particular characteristics are associated with high risks of victimisation. These characteristics can be linked to structures of race, gender, class and age, which means that it might be useful to examine these structures and their relationship to victimisation. However, although national crime surveys uncover factors associated with high risk, they do not tend to explore any societal structures which may lie behind these.

The notion of repeat victimisation has been introduced (Forrester et al. 1988; Burquest et al. 1992; Sampson & Phillips, 1992; Farrell & Pease, 1993; Farrell et al. 1993; Pease et al. 1994; Pease, 1998), whereby researchers have found that one good predictor of future victimisation is having already been a victim. Robbery victims, for example, stand a nine times greater chance of victimisation than individuals who have never been victimised, while sexual assault victims have a thirty-five times greater



chance of being victimised than persons who have never been victimised (Canada Solicitor General, 1988). It has further been found that households in Britain, once burgled, are re-burgled at four times the rate of unburgled houses (Forrester et al. : 1988: 22) and risk of revictimisation is greatest in the period soon after the victimisation for domestic violence, burglary, auto crimes and retail crimes (Farrell & Pease, 1993). Research and theories about repeat victimisation have practical implications for crime prevention strategies, compatible with reducing opportunities for crime rather than offenders. Resources can be targeted at those who have already been victimised in order to prevent repeat victimisation (Forrester et al. 1988; Burquest et al. 1992; Farrell & Pease, 1993; Pease et al. 1994; Pease, 1998). For example, houses which have been burgled can be placed within a neighbourhood watch scheme, and have their security upgraded so as to reduce the likelihood of a future burglary. Similarly, individuals whose lifestyles increase their likelihood of victimisation can be monitored and suggestions can be given on how to reduce their likelihood of falling victims to crime (Farrell & Pease, 1993).

The notion of repeat victimisation can be linked to the lifestyle and routine activities models, since victimisation is examined in terms of the convergence of an offender, a victim and the absence of a capable guardian (Farrell & Pease, 1993). However, similar to lifestyle and routine activities models, crime prevention strategies emerging out of the notion of repeat victimisation can be criticised for tending not to question structural processes which impact upon victimisation, as well as for holding the victim responsible for their plight (Walklate, 1992). Countering the latter criticism, however, Farrell & Pease (1993) argue that the method advocated does not blame the victim but rather attempts to induce lifestyle changes so as to reduce the likelihood of being victimised:

It has been suggested that the method advocated in some way blames the victim, implying that if you had behaved otherwise, the crime might never have occurred. Yet it seems no more offensive to reduce repeat crime victimisation than repeat heart attacks, by attention to lifestyle and monitoring procedures which were not hitherto available to the victim. National Health Service facilities are not denied to those suffering a



fourth heart attack who had failed to give up smoking or lose weight after any of the first three, but the effort to induce lifestyle changes are surely defensible in both contexts (Farrell & Pease: 1993: 24)

#### **1.4 Summary.**

The analyses above discuss the research carried out by writers who may be considered to work within the parameters of a 'conventional' or 'positivist' victimology. At the same time, national crime surveys have been discussed and the notion of repeat victimisation. It seems that the issues which lie at the core of the discussions presented above centre largely around researchers' conceptualisations of the role that structural processes play in victimisation, also the role of victims' actions. The discussions so far presented in this chapter, therefore, highlight how notions of 'structure' and 'agency' underpin research in the area of victimisation and may constitute sites of contention. Other approaches to victimisation have been labelled as radical and critical victimologies/criminologies (Schwendinger & Schwendinger, 1970; Quinney, 1972; Dobash & Dobash, 1979; Hanmer & Saunders, 1984; Elias, 1986; Hall, 1985; Young, 1986; Kelly, 1988; Stanko, 1990; Walklate, 1992). Again, it seems that the tensions which exist between these approaches can be organised around their conceptualisations of structural constraints and human agency, and their view of the role that these play in victimisation.

#### **1.5 Radical Victimology.**

Radical perspectives became prominent in both criminology and victimology in the 1970s (Gouldner, 1970; Schwendinger & Schwendinger, 1970; Quinney, 1972; Gordon, 1973; Taylor et al. 1973; Reiman, 1979) and 1980s (Box, 1983; Elias, 1986; Young, 1986). While there is disagreement on whether or not radical victimology had an influence on radical criminology (Friedrichs, 1983; Jones, MacLean & Young, 1986), it appears that the two emerged at around the same time. Radical criminological and victimological perspectives emerged as a response to radicalising events in the larger world (e.g. the Vietnam war) and due to a paradigm crisis within sociology and related disciplines (Friedrichs, 1983).



It appears that researchers adopting a radical perspective have focused attention upon the role and impact of oppressive structural conditions upon victimisation, suggesting that mainstream criminologists/victimologists have failed to do this. For example, Schwendinger & Schwendinger (1970) have argued that through focusing upon events which are defined as criminal by the state, mainstream criminologists omitted practices by people in positions of power which are highly injurious but which are not defined as crime by civil or criminal laws, such as genocide and economic exploitation. Similarly, Quinney (1972) has criticised the predominant focus of an emerging field of victimology on victims of traditional, conventional crimes. This, he argued, had the effect of portraying a view of reality which was promoted by a capitalist system, thereby limiting the concept of victimisation.

It seems that the research studies labelled as taking a 'positivist or traditional' victimological/criminological stance do not question the 'victim' label itself, but rather take this as given and analyse victimisation through the personal characteristics and lifestyles of those who have been labelled 'victims' (Miers, 1989). Researchers working from a radical perspective have asked questions about who is most easily afforded the label of 'victim', who has the power to label individuals as 'victims', and what this construct symbolises (Mawby & Walklate, 1994). Radical perspectives thereby have attempted to challenge the explicit or implicit mainstream concept of law as a positive force based on consensus, which impartially protects individuals from harmful acts by predatory strangers. Rather, law expresses the interests of the capitalist enterprise, so that a formal concept of victimisation must be linked to these interests (Friedrichs, 1983). Writers adopting a Marxist perspective have argued that under a capitalist system, 'workers' are victims, since they are exploited by those individuals who own the means of production (Friedrichs, 1983). Moreover, the deaths and injuries which occur at work due to unsafe work practices and conditions constitutes criminal victimisation (Friedrichs, 1983).

Radical perspectives may also involve using a human rights position with respect to crime and victimisation (Schwendinger & Schwendinger, 1970; Elias, 1986). Any infringement on a human right is criminal, and the person whose right is



impinged constitutes the victim. For example, Schwendinger & Schwendinger (1970: 133-134) have argued that every individual must be guaranteed fundamental rights such as the right to have food, clothing, medical services, challenging work, recreational experiences and security from predatory individuals or repressive social elites. The object for criminologists should be to identify the violation of such rights, to find out by whom they are committed, against whom, how and why. Moreover, each individual should have the right to racial, sexual and economic equality, so that any social system which causes the abrogation of these rights is criminal. Elias (1986) illustrates how American law institutionalises repression, through incorporating discrimination and biases against certain classes of people according to their class, race and gender. Using a human rights perspective, victimisation consists of a wide range of victims which under a traditional perspective would not be considered, including the victims of state oppression, police brutality, war, and corporate crime (Quinney, 1972; Mawby & Walklate, 1994). Some researchers working within a radical perspective have also viewed criminal offenders (such as burglars) as victims of an economic system which instils in them a desire for material wealth but deprives them of the means to achieve that wealth or survival (Gordon, 1973; Greenberg, 1981). According to Quinney (1980), street crimes are the actions of people who have been brutalised by the conditions of capitalism. The offender is thus responding to a capitalist system, but when caught within the net of the criminal justice system will be punished (Reiman, 1979).

The analyses above illustrate how radical perspectives on victimisation have extended the notion of victimisation to that of victimisation by social systems. In this way, radical perspectives have attempted to challenge societal structures which impact upon, and influence, victimisation. It can be argued that this approach is quite distinct from the approach labelled as 'positivist victimology/criminology' (Mawby & Walklate, 1994). As has already been illustrated, victimisation research in the latter tradition has rarely studied structure for its role in victimisation, but rather, the focus of attention has predominantly been upon an implied notion of human agency. Humans have been viewed as acting upon their surroundings, affecting the likelihood of them being victimised (Von Hentig, 1948; Mendelsohn, 1956; Wolfgang, 1958; Amir, 1971). Where structural processes have been examined for their role in, and



impact upon, victimisation (as in the lifestyle and routine activities models), these have tended to be viewed as problems of public policy, and individuals have been regarded as being passive and not actively opposing the structural conditions that surround them (Walklate, 1992). This illustrates how tensions inevitably arise between research labelled as 'positivist victimology/criminology' and research categorised as 'radical victimology/criminology' since they have different understandings of, and emphases upon, 'structure' and 'agency' when examining victimisation.

Although approaching victimisation from a position which attempts to challenge social systems, radical perspectives have, however, been criticised for adopting an overly simplistic view of structure and its impact on people. Structure is often viewed in terms of a class system which is based around the means of production. The ruling class consists of those individuals who own the means to production. Such a viewpoint obscures the more complex structural processes which impact upon individuals, processes such as race and gender, so that it has been suggested that a more sophisticated analysis of structure and how it interacts with human behaviour is required (Mawby & Walklate, 1994).

Moreover, radical perspectives which view crime as a rational behaviour under a capitalist system have also been criticised for losing sight of the victim, since they have tended to romanticise street crime without taking into account the full impact of this upon victims and wider society (Friedrichs, 1983). Partly in response to this, but also in response to the construction of victimisation which emerged from the British Crime Survey and the perspective labelled as 'administrative criminology', radical left realism emerged, arguing that radical criminologies had become an idealistic movement and had overlooked the reality of crime for individuals living in high crime areas (Young, 1986). Left realists further argued that administrative criminology had also failed to uncover the reality of crime, since the British Crime Surveys did not fully explore the relationship of age, gender, race and income to victimisation (Young, 1986). The term 'realism' in left realism is:



meant to indicate the creation of criminology which while remaining 'radical' is simultaneously competing and applied. It is a criminology which expresses a commitment to detailed empirical investigation, recognises the objectivity of crime, and emphasises the possibility and desirability of engaging in progressive reform. (Matthews & Young: 1992: 4)

Left realism creates a conceptualisation of crime through the use of a 'square of crime' which consists of a victim, offender, formal control and informal control (Matthews & Young, 1992). Locating and documenting victimisation is thus one concern for left realists, and notions of 'structure' and 'agency' are present in this work. Taking firstly its approach to the study of structural processes and their impact upon victimisation, left realism examines structures of race, class, age and gender. Left realists have approached victimisation as risk from crime which differs according to the geographical and social space that individuals occupy. The realist approach therefore focuses upon those geographical areas which are occupied by vulnerable groups of people, as these are the people for whom the risk of victimisation is highest:

The realist method delineates how crime is focused on certain geographical areas and certain groups within those areas, for example, blacks rather than whites, and poor people rather than rich. The most vulnerable in our society are not only at the greatest risk of crime, but also suffer a greater impact of crime because of their lack of money and resources (Young: 1992: 113).

Left realists implemented local crime surveys, targeting largely marginalised communities, in order to document victimisation. By using large samples it was argued that it is possible to separate out the different patterning of experiences and attitudes by subgroups divided by a combination of age, class, gender and race (Young & Matthews, 1992). Such local crime surveys have been carried out in Merseyside (Kinsey, 1984) and Islington (Jones et al. 1986) in an attempt to document risk and impact of crime according to socio-economic characteristics. The Islington Crime Survey involved a sample of two thousand people aged over 16, of whom four hundred were accessed from ethnic minorities. Results from this survey



revealed that crime was considered to be the most serious problem after unemployment (Jones et al. 1986: 7). The survey further revealed that the rate of victimisation in Islington was much higher than that measured by the British Crime Survey. The survey also uncovered a larger number of sexual assault victimisations than the British Crime Survey, and that in addition to crimes of sexual assault and domestic violence, women were more likely to be the victims of other offences such as theft. Furthermore, it was found that young, white females were more likely to be assaulted than white females over the age of forty-five. Blacks also faced higher risks of victimisation than whites (Jones et al.: 1986: 67). The work by left realists has thus pursued the development of what was termed an 'accurate victimology' (Young: 1986: 23), whereby the focus of analysis has been upon subgroups in the general population, since the various subgroups (young white women as opposed to older women, for example) are at different risks of victimisation.

However, left realism has been criticised for having an inadequate understanding of 'structure'. Mawby & Walklate (1994) argue that while left realists have offered a much more detailed portrayal of victimisation at a local level, they have nonetheless focused predominantly upon the relationship of class to victimisation, to the detriment of race, gender and age. Regarding left realists' conceptualisation of 'relative deprivation' and the relationship of this to crime amongst black communities, this notion has been criticised for failing to provide an account of the use of migrant or immigrant labour and the relationship of this to the economic marginalisation of black communities (Sim, Scraton & Gordon 1987). With respect to the question of gender, it is pertinent to ask whether left realism involves a sufficient in-depth understanding of women's experiences. It could be argued that the left realist approach does not fully take into account women's everyday lives in relation to men, since it does not start from a gendered perspective but rather a perspective which aims to examine the 'reality' of crime. For example, the crime surveys which left realists have carried out may not provide a detailed analysis of violence committed against women, since women may not wish to relate their experiences here (Walklate, 1992).



Left realism has also included implicit notions of human agency within its approach. For example, left realists argue that there is a need to take seriously what people define as being serious as a way of responding effectively to their needs (Matthews & Young, 1992). Moreover, left realism takes a socialist view of citizenship, whereby left realists have argued that individuals have both rights and responsibilities, with Corrigan, Jones and Young (1989: 17) arguing that 'it would be impossible to defend the social individualism of a person who was registered as looking for work but refused both work and training'. Both of these positions have, however, been criticised. With respect to the latter point, there is the question of how valid or ethical using 'individual responsibility' is as a gauge for deciding how much state support individuals should receive. With respect to the former point, Walklate (1992) argues that there may be situations that people do not define as being serious and yet still have an impact on their lives. For example, people may not always be aware of the detrimental impact that pollution has on their health. If people do not define this as being serious, therefore, according to the left realist approach this situation would be omitted from analysis. Walklate (1992: 110) argues that 'left realism has not as yet fully articulated a view of the relationship between agency and structure but leaves us with the impression that it is sufficient to take agents seriously and espouse a theoretical commitment to structure'. However, left realists argue that hidden processes may be included in local crime surveys (Young & Matthews, 1992). For instance, it may be possible to add to a criminal victimisation survey questions relating to the prevalence of illness caused by chemical pollution (Young & Matthews, 1992). Indeed, the Second Islington Crime Survey included questions about commercial crime, health and safety and pollution (Pearce & Tombs, 1992). The findings here were that of those respondents giving definite answers about their experiences buying goods and services, eleven per cent had been given misleading information about a product that they had bought, twenty-one per cent believed that they had been deliberately overcharged, and twenty-four per cent had paid for what turned out to be defective goods or services (Pearce & Tombs: 1992: 71). Despite such attempts, however, it can nonetheless be argued that left realism focuses mainly upon conventional crime, that is, street crime, so that a truly radical approach which would widen the boundaries of the 'crime' category is missing (Walklate, 1992).



### 1.5.1 Feminist Perspectives.

Feminist perspectives seem to have made three key contributions to developing an understanding of victimisation. Firstly, research carried out by feminist researchers has uncovered forms and impacts of victimisation previously hidden (Dobash & Dobash, 1979; Hanmer & Saunders, 1984; Hall, 1985; Kelly, 1988). Secondly, feminist writers have included an analysis of 'structure' and 'agency' when documenting victimisation and an analysis of the relationship between the two. Thirdly, linked to this latter point, feminist work has questioned the term 'victim' arguing that this implies passivity (Kelly, 1988).

Feminist work has highlighted forms of abuse experienced by women which have been largely hidden. Violence committed against women may not be reported to the police, nor relayed in victimisation surveys. In an interview situation, women may not reveal the full extent of the violence committed against them because there may be children present at the time, or the abusive partner may be there, also it may be too distressing to talk about it to the interviewer, particularly where the interviewer is male (Hall, 1985). Feminist writers have argued that both national and local crime surveys have failed to detect the true level of crimes such as rape, wife battering and sexual assault (Hanmer & Saunders, 1984; Hall, 1985). A focus of feminist work has thus been the articulation of women's experiences of male violence (Stanko, 1988). Dobash and Dobash (1979: 52) documented the violence endured by battered women, including broken noses, serious wounding, fractured bones and disfigurement. Russell's (1982: 35) study of adult females revealed that in a random sample of 930 women, twenty-four per cent had experienced at least one rape in her lifetime and another thirty-one per cent an attempted rape. In a study by Hanmer and Saunders (1984), one hundred and twenty nine women completed a questionnaire which asked women about any experiences they had encountered with violence directly, also any that they had directly witnessed. Hanmer and Saunders (1984: 32) discovered that over half the women reported one or more experiences of violence to themselves in the past year. The violence included sexual harassment, threats, and physical violence. In response to the low amount of rapes reported to the police, Hall (1985) carried out a survey asking women in London questions about their lifetime experiences of rape and sexual assault. She analysed 1,236 questionnaires (Hall:



1985: 22) and found that more than one in six women reported to have been raped (that is, 214 women), almost one in three reported to have been sexually assaulted, one in five reported surviving attempted rape, and eleven women reported being raped or sexually assaulted by a gang or a pair of men (Hall: 1985: 32).

Feminist work has uncovered previously hidden forms of victimisation through using women's own definitions and experiences of violence. It seems that feminist researchers have attempted to adopt the standpoint of the women taking part in their studies in order to try to uncover the experience of victimisation for the individuals concerned. For example, Hall's (1985) methods of research operate from the standpoint of women, in that when drawing up the questionnaire and administering this Hall (1985) drew upon her experiences with women's groups such as Black Women for Wages for Housework so as to raise issues pertinent to the daily lives of women. Similarly, Hanmer and Saunders (1984) dedicate a chapter, entitled 'Them and us: conventional research methods versus feminist research', to setting out the approach taken by them. They write here that they will not ask for information that could identify a woman, since this might reduce their chances of gaining sensitive information. Feminist work has also measured victimisation in terms of violence over a lifetime, while most victimisation surveys look at victimisation in the previous year only (Stanko, 1988). This is because separate incidents of violence taking place over a number of years may have a cumulative impact upon the individual concerned (Kelly, 1988). These approaches are quite distinct from the approaches taken by perspectives labelled as 'administrative' and 'radical', and have enabled feminist researchers to uncover forms and impacts of victimisation previously hidden. This suggests that including the standpoint of individual victims, and the meanings ascribed by the individuals to the violence committed against them, is an important tool when attempting to document victimisation.

Researchers taking a feminist perspective have tended to focus upon the structure of 'patriarchy' when discussing women's oppression and victimisation (Kelly, 1988). The concept of patriarchy in feminist research has brought about many differing views regarding how this should be defined and understood (Heidensohn, 1994). A definition of patriarchy which will be used here is that this consists of:



Male power in the male monopoly of economic, political, legal and educational resources. Underlying all, and surfacing at times when these socio-economic monopolies are threatened, is male violence, male superior strength and the culturally acquired capacity to transform that strength into violence' (Radford: 1992: 265).

As illustrated in the previous section, men's power to define abuse has been challenged, through uncovering forms and impacts of victimisation previously hidden (Kelly, 1988). Feminist work has also incorporated notions of human 'agency'. Feminist researchers have also documented how women resist and manage their lives around violence. Women are viewed as not just 'victims' who have violence committed against them, rather, women are 'agents' who act within a patriarchal system, mitigating harms caused by physical and sexual danger. For example, Dobash and Dobash (1979) in their analysis of wife battering argue that, particularly in the beginning of a violent relationship, women often do struggle to improve their relationships with the batterer. Women also argue and defend themselves. However, it is often impossible to succeed in this struggle as wife beating is the man's and not the woman's responsibility (Dobash & Dobash, 1979). Similarly, Kelly (1988) documents how women resist and mitigate the harm caused by flashing, sexual harassment and rape. The following is an illustration of how women attempt to take control:

*The first two times I was flashed at I just hurried past. The last time I was with a friend on the tube and he came up and started exposing himself and saying obscenities. I got up and pushed him over and I felt much better because I'd actually done something and because he just shambled off. (Kelly: 1988: 167)*

Burgess and Holmstrom (1979) suggest that women may use verbal (screaming, shouting), physical (fighting, running away) and cognitive (cutting off from the experience) strategies to avoid being raped or to limit the impact of a rape. While Stanko (1985) illustrates how avoiding danger is part of the everyday lives of women. The following is an excerpt from an interview with Maria, discussing the management of fear:



*I don't go out at night unless it's with someone. If I'm going out with friends, they will always pick me up at my door. When I come back they'll walk me to my apartment and make sure everything is OK. I always have someone with me, even if it is to walk from my house to the car. (Stanko: 1990: 18)*

The notion that women resist and manage their lives around violence is thus a common theme in feminist research. Feminist research has thus questioned the term 'victim', since this term implies passivity. Although some women are killed by men, and some feel that certain aspects of their lives have been completely ruined by violence, it is still applicable to think of women from an active point of view, since as illustrated above some women are active resisters to violence (Kelly, 1988). Kelly (1988) argues that the term 'survivor' is applicable to some women victims of violence: women are viewed as 'survivors' rather than 'victims' of violence

Some take their own lives as a direct result of being victimised, many more experience profoundly negative impacts on their lives, such as mental illness. Emotional survival, then, refers to the extent to which women are able to reconstruct their lives so that the experience of sexual violence does not have an overwhelming and continuing negative impact on their life. (Kelly, 1988: 169)

Feminist research thus documents women's victimisation from a gendered perspective which challenges positivistic victimology for omitting women's often hidden experiences of sexual and physical violence. Women are viewed as active individuals managing their lives around violence under a patriarchal system in which men occupy positions of power. Feminist research thus includes an analysis of the relationship between agency and structure within its approach to victimisation. It can be argued that including an analysis of agency (and the relationship of this to structure) is important when studying victimisation, since individual victims are not passive human beings, but rather act within and upon their surroundings. An important aspect of victimisation, therefore, is how individuals survive the traumatising event, and how they act upon and resist their structural constraints.



However, because the focus of attention of feminist work has been placed predominantly upon women, structure is viewed predominantly in terms of patriarchy. This means that other structural processes (such as age, race and income) have often been excluded from an analysis of victimisation. In an attempt to resolve this rather limited analysis of structure, and as a response to the difficulties inherent in positivist, Marxist and radical left realist victimologies, Mawby & Walklate (1994) propose adopting a critical victimological perspective.

### **1.6 Critical Victimology.**

Critical victimology arose as a response to what were perceived to be the problems and deficiencies with positivist and radical victimologies. Critical victimology has been constructed on the basis of theoretical, methodological and political concerns (Walklate, 1992). Taking firstly the theoretical issues, as has been illustrated in this chapter, neither conventional, nor realist nor radical victimologies have incorporated an adequate understanding of 'agency' and 'structure' into their theoretical frameworks. Conventional victimology either views the victim as passive or as responsible for the crime committed against them, and does not tend to include an analysis of how structural processes impact on victimisation. Although the lifestyle and routine activity approaches mention how political and social processes may influence people's daily lives, these perspectives do not constitute a critical analysis of the structures of race, gender, class and age and the relationship of these to victimisation. The work of the left realists, while arguing that the victim is aware of their victimisation and needs to be taken seriously, and including a race, age, class and gender perspective, has been criticised for not fully articulating the relationship between agency and structure. For instance, left realism does not fully express the problem of how structural conditions may have an impact on people's lives even though people are not necessarily aware of those conditions. Nor does it document how people actively resist the structures that they live within (Walklate, 1992). The radical perspectives of writers such as Gordon (1973), Quinney (1980) and Greenberg (1981) can be criticised for providing an overly simplistic view of the state and law. This is because the state and law are viewed predominantly in relation to a class structure based around the means of production, and yet many more structural processes impact upon law, order and the state. While feminist research has involved



quite a detailed analysis of the structure of patriarchy, and how women act in and resist this, it can be argued that through taking a gendered perspective the structures of race and class have been neglected, as well as how individuals act within and upon these structures.

A critical victimological perspective pursues a sophisticated theoretical analysis of the relationship between agency and structure, that is, how individual action is constructed and reconstructed within material conditions (Walklate, 1992). Any empirical investigation must take account of individuals' conscious and unconscious activity, the structural processes which form the background to this activity, and the intended and unintended consequences of action which may change the conditions in which people act. Critical victimology is thus concerned with documenting how individuals act within and resist the structural conditions within which they live, a concern which links to feminist research (Mawby & Walklate, 1994).

Taking a look at the political stance taken by critical victimology, critical victimologists criticise conventional victimology for following notions of active citizenship. This has the effect of holding victims of crime responsible for their plight, since they have failed in protecting themselves from being victimised by crime (Mawby & Walklate, 1994). Such a position might be detrimental to victims of crime, since blaming them for their plight may increase the impact of their victimisation. Left realist criminology emphasises social rights and social obligations. However, this position is once again problematic, as Walklate (1992: 112-113) argues, 'in the case of an individual who refuses to take part in community-defined crime prevention schemes is their individualism as indefensible as left realists would argue that it is?' As the name implies, critical victimology adopts a critical stance to the law, the state and the political domain. A critical victimology tries to examine the 'processes that go on behind our backs, which contribute to the crime and victims that we see as opposed to that which we do not see' (Mawby & Walklate: 1994: 19). Victims' movements and initiatives are analysed in order to analyse the connections between these and wider political and economic concerns. For example, Mawby & Walklate (1994) illustrate how Victim Support secured Home Office funding in the



1980s when a Conservative government was in power. Victim Support relies on volunteers from local communities to help victims of crime get through their plight. It can be argued, therefore, that Victim Support gained government funding since this directly linked to the Conservative government's desire of reducing a culture of dependency in Britain. Active citizenship was exemplified by Victim Support and therefore it met with governmental approval. Critical victimology therefore sets out a framework which problematises the state and charts the many connections between political, economic and social processes and victimisation.

### **1.7 Conclusion.**

This chapter has presented the many perspectives which make up the (sub)discipline victimology. Clearly, criminology has played a significant role in setting the parameters of these separate perspectives, since many of the researchers studying victimisation are criminologists. Each of the perspectives presented in this chapter contributes to our understanding of victimisation. For example, positivistic victimology allows us to think of victimisation as a risk which varies according to the socio-demographic space individuals occupy and the lifestyles that they lead. Radical victimologies, on the other hand, include an analysis of the structures of class, race, gender and age and how these impact upon victimisation. Moreover, feminist work illustrates how women act within the social structure 'patriarchy', so that victims are to be viewed as agents who act within and resist the structural processes which surround them. A critical victimology pursues this theme to examine the relationship between agency and structure, whereby structure is understood not only in terms of patriarchy but also in terms of other regulating features such as race and class. Moreover, this approach traces the political and social processes which lead to only certain categories of 'victim' having this label applied to them (Mawby & Walklate, 1994). Thus, these different victimological perspectives constitute theoretical and empirical enquiry into victim-offender interactions, the nature of societal structure and how this impacts on victimisation, and the relationship between agency and structure. In this way they contribute to an understanding of victimisation. Therefore, where applicable, they will be used in order to help inform this present study, which is attempting to explore hidden features of a rarely studied form of victimisation - victims of so-called 'white-collar crime'.

There are also research studies which have focused attention upon documenting the impacts of victimisation on individuals, in terms of the psychological, emotional, behavioural, physical and financial costs. Apart from the work of feminist researchers, these studies have largely bypassed the debates outlined in this chapter, and researchers have instead chosen to document the costs which victimising events wreak upon individuals. These studies will be discussed in chapter two. Here it will be illustrated that although this work tends to be social policy orientated, and therefore little critical engagement is made with the themes and issues highlighted in this chapter, these studies do nonetheless help us to study and re-define victimisation. This work will also be used later on in this thesis, in order to help to analyse the impact of the fraudulent use of pension money upon former Maxwell employees, and the closure of the Bank of Credit and Commerce International upon employees.



## **Chapter 2 Impacts of Victimization.**

### **2 Introduction.**

Since the 1970s researchers working in the areas of crime and criminal justice (McCabe & Sutcliffe, 1978; Maguire, 1982; Shapland, Willmore & Duff, 1985; Mezey, 1988; Lurigio & Resick, 1990; Resick, 1990; Stanko & Hobdell, 1993; Indermaur, 1995) and psychology (Gittleson, Eacott & Mehta, 1978; Norris & Feldman-Summers, 1981; Baum, Fleming & Singer, 1983; Janoff-Bulman, 1983; Janoff-Bulman & Frieze, 1983; Miller & Porter, 1983; Perloff, 1983; Silver, Boon & Stones, 1983; Taylor, Wood & Lichtman, 1983; Wortman, 1983; Sales, Baum & Shore, 1984; Brown et al. 1990; Wortman, Battle & Lemkau, 1997) have documented the experience of victimisation. Arising at a time when the ‘victims’ movement<sup>1</sup> was emerging, victimisation studies reflect an increasing attention shown towards victims of crime.

The following chapter will review the existing literature which documents victimisation. It will be argued that these studies suggest that different types of crime, including rape, robbery, burglary and incest have psychological, emotional, behavioural, financial and physical effects. However, although exploring the consequences of victimisation, many studies have tended to take a social-policy orientated stance aimed at alleviating victims’ plight, which may have skewed our understanding of victimisation. It seems that a significant proportion of research examining victimisation has omitted notions of ‘structure’ and ‘agency’. As a result, studies have tended to homogenise victims and victims’ reactions, without situating them within a broader context which includes socio- structural processes and individuals’ histories and actions. Victimization has tended to be viewed as individual suffering which can be alleviated through effective counselling and responses from state and non-state agencies (McCabe & Sutcliffe, 1978; Steer, 1980; Shapland et al. 1985). Moreover, through pursuing a social-policy agenda, a significant proportion of researchers have studied victimisation through examining the experiences of

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<sup>1</sup> This is a movement consisting of a wide variety of different victim subgroups, all having a common aim of the legitimate recognition of victims’ losses, and better treatment by the criminal justice system (Skogan et al. 1990; Mawby & Walklate, 1994).



individuals affected by events which are defined as criminal by the state. Researchers have often targeted a group of individuals victimised by events conventionally viewed as 'criminal' and labelled them as 'victims' without exploring the mechanisms which have led them to label these individuals as 'victims' (Maguire, 1982; Sales et al. 1984; Resick, 1990; Riggs & Kilpatrick, 1990; Indermaur, 1995). This means that knowledge about the substance of the experience of victimisation has predominantly arisen from studying the experiences of individuals given legitimate 'victim' status by the criminal justice system and/or wider society. Events which may be injurious but which may not be defined as crime by law or wider society have tended to be overlooked. Many victims' initiatives currently in place are also directed at individuals given legitimate 'victim' status. As such, individuals victimised by events which may not be defined as 'criminal' within political, legal or social arenas do not tend to be accommodated.

An important influence upon research on victimisation, which will also be reviewed in this chapter, is that generated through studies of women's victimisation. As a by-product of the women's movement in the 1970s, the impact of sexual violence, sexual harassment, domestic violence and childhood sexual abuse has been highlighted (Brownmiller, 1975; Russell, 1975; Burgess & Holmstrom, 1979; Dobash & Dobash, 1979; Katz & Mazur, 1979; Scheppelle & Bart, 1983; Stanko, 1985; McNeill, 1987; Stanko, 1987; Hoff, 1990; Russell, 1990; Stanko, 1990). Research studies here have attempted to make visible violence that women have experienced at the hands of men, experiences which prior to these studies were largely hidden. As illustrated in chapter one, feminist research has emphasised the structure of patriarchy, and the contribution of this structure to systems which produce and maintain various forms of violence against women (Dobash & Dobash, 1979; Stanko, 1985; Stanko, 1987; Kelly, 1988; Hoff, 1990; Russell 1990; Stanko, 1990). Moreover, in feminist literature (Scheppelle & Bart, 1983; Stanko, 1985; Kelly, 1988; Stanko, 1990) women have been viewed as 'survivors' rather than 'victims' of sexual violence. This is because the word 'victim' has been accused of implying passivity (Kelly, 1988). Women tend to be viewed as individuals who act upon their social surroundings and actively manage the actual and perceived threat of violence which surrounds their everyday lives (Stanko, 1985; Kelly, 1988; Stanko, 1990). This work suggests that



when examining the substance of victimisation, it is important to consider socio-structural processes and victims' (or survivors') agency.

## **2.1 Impacts of Victimisation.**

Researchers have studied the impact of crimes such as burglary, robbery, physical and sexual assault and incest (Gittleson, Eacott & Mehta, 1978; McCabe & Sutcliffe, 1978; Norris & Feldman-Summers, 1981; Maguire, 1982; Baum, Fleming & Singer, 1983; Janoff-Bulman, 1983; Janoff-Bulman & Frieze, 1983; Miller & Porter, 1983; Perloff, 1983; Silver, Boon & Stones, 1983; Taylor, Wood & Lichtman, 1983; Wortman, 1983; Sales, Baum & Shore, 1984; Shapland, Willmore & Duff, 1985; Brown et al. 1990; Stanko & Hobdell, 1993; Indermaur, 1995; Resick & Nishith, 1997, Wortman, Battle & Lemkau, 1997). Studies reveal that there is a psychological, emotional, behavioural, physical and financial impact upon individuals. This includes immediate effects, as well as those lingering over weeks, months and years (Stanko & Hobdell, 1993).

## **2.2 Victimisation: The Psychological Impact.**

### **2.2.1 The Shattering of Cognitive Meanings.**

According to social psychologists, individuals lead their daily lives around cognitive meanings relating to themselves and the world around them. These cognitive meanings consist of a belief in personal invulnerability; a belief that the world is meaningful and comprehensible; and a positive view of one's self (Janoff-Bulman, 1983). These meanings provide individuals with expectations about themselves and their environment. A victimising experience can fundamentally alter these assumptions, so that the victimised person feels a sense of helplessness and vulnerability, a sense of incomprehension at what has occurred, and a negative view of him/her self and wider society. Victimisation simply does not 'make sense' as its meaning does not fit with the social laws of invulnerability, a meaningful world, and a positive view of one's self that the person previously held about the world (Janoff-Bulman, 1983). For instance, a consequence of being burgled is that individuals experience a general disillusionment with humanity, and a complete loss of faith in people (Maguire, 1982). Individuals experiencing violent property crime reported becoming more suspicious of people in general (Indermaur, 1995). While in Kelly's



(1988: 202) study of women with experiences of rape, incest or domestic violence, over ninety per cent felt that their attitudes to men had been affected by the assaults. By far the most common response was distrust of all men or certain groups of men. This reflects other findings about raped women, which indicate that many women report negative feelings toward men and a reduced trust (Katz & Mazur, 1979). Hence following victimisation, individuals' perceptions may be marked variously by feelings of danger, insecurity, and self-questioning of one's own behaviour (Janoff-Bulman, 1983).

### 2.2.2 Loss of Control.

Many studies of victimisation document how such experiences can lead to a loss of a sense of control, and a feeling of vulnerability for the individuals concerned (Taylor et al. 1983; Kelly, 1988; Brown et al. 1990; Indermaur, 1995). For instance, a study examining the impact of violent property crime on individuals found that it was a loss of control and power that disturbed victims for a long time afterwards (Indermaur, 1995). Similarly, families of murder victims often experience a loss of control and a sense of powerlessness, intensified by factors which lie outside of their control such as, for example, having to arrange a funeral (Brown et al. 1990). Women who have lived through sexual violence also often report a loss of a sense of control over their lives (Kelly, 1988). This can in turn lead to a loss of self-confidence (Taylor et al. 1983; Kelly, 1988; Indermaur, 1995). In cases where men are victimised, loss of self-confidence may be particularly acute, because many men grow up with an idealised image of manhood as being strong and 'macho'. The victimising experience questions the man's supposed strength. For instance, Stanko & Hobdell's (1993) study of male victims of assault showed that victimised men often articulated the need to be able to take care of themselves and their families. The victimising experience thus caused them to feel vulnerable, and for one man this was an affront to his masculinity:

*I was never frightened of anyone ... I still have those feelings but I can't do much about it now, so I have to shut up. I've become a coward I suppose. I'm frightened to be as I was ... If I walk out with my wife or daughters I feel I can't protect them and that's not nice. Your manhood is taken away from you. I feel if someone attacks me*



*they will do more damage than they realise. I can't defend myself (Stanko & Hobdell: 1993: ).*

Similarly, Indermaur (1995) discovered that the men who had been physically overcome during a violent property crime had developed a low self-confidence, since they no longer viewed themselves as being able to 'look after themselves'. Male rape may challenge men's assumptions that this crime does not happen to men, leaving them feeling particularly vulnerable and helpless. For this reason, some men may find it difficult to accept that they have actually been raped (Garnets, Herek & Levy, 1992).

### 2.2.3 Self-blame.

Some individuals find ways of restoring a sense of control, thereby increasing their self-confidence. One way is through self-blame. Researchers have documented that there are two types of self-blame: attributing blame for the victimisation to one's behaviour; or attributing blame to one's personal characteristics. It is argued that the former is adaptive to a victimised individual's survival, whilst the latter is detrimental. This is because by holding his/her own behaviour as in some way being responsible for the victimising experience, the individual is restoring a sense of control over her/his life since they believe that they can change their behaviour in order to prevent a future victimisation. Holding one's character as responsible, on the other hand, does not restore control, since personality characteristics cannot be so easily changed (Janoff-Bulman, 1983). According to Kelly (1988), women who have experienced sexual violence review their own behaviour in terms of provocation, risk-taking and avoiding assault. Through examining their own behaviour, women hope to discover what they could have done differently in order to avoid further victimisation. This may have the positive effect of placing the individual back in control (Kelly, 1988). Similarly, a study examining the impact of rape found that where the woman attributed the rape to her own 'irresponsibility' the woman was able to regain some sense of control over her fate and to re-establish the world as a safe and predictable place (Mezey: 1988: 76). In these instances, women are blaming themselves not for preventing the assailant's actions, but for being victims, and so their attacker's actions are not being exonerated (Miler & Porter, 1983). On the other hand, when blame is placed upon personal characteristics, this may lead to depression (Janoff-Bulman,



1983). Women abused by their husbands face the task of attributing blame not only to one episode of violence, but to a series of episodes. Thus, women battered by their husbands look for reasons to explain the actions of their husbands (Miller & Porter, 1983). Research about battered women commonly shows that women often blame their own personalities for continuing to live with the abuser and being subjected to repeat assaults (Glass, 1995). This is further compounded by batterers often trying to justify their actions through blaming the women for their violence (Glass, 1995).

Inadequate institutional responses, and a cultural norm which stresses that women are largely responsible for the success or failure of human relationships may also influence women's self-blame. Battered women may therefore feel shame, through their perceived failure (Dobash & Dobash, 1979; Hoff, 1990). At the same time, however, other factors influence battered women's self-blame and self-confidence. In Miller & Porter's (1983) study of women abused by their partners, the more extreme the women perceived the violence to be, the more certain they were that it was their partner's and not their own, fault. A battered woman's self-esteem may also not be affected where the woman blames a part of her personality that she respects, for instance, her independence. Indeed, this may lead to the woman being more optimistic about her future. Self-confidence may also not be affected where the battered woman blames a characteristic of hers which she no longer believes she has (Miller & Porter, 1983).

In the case of violence carried out against lesbians and gay men, this may lead to the victimised individual blaming her/his own sexuality for the violence that s/he has experienced (Stanko & Curry, 1997). This may have a severe impact upon how well these individuals cope with their victimisation (Bard & Sangrey, 1979).

#### 2.2.4 Comparing One's Experiences with that of Others'; Hypothetical Worlds.

Following a victimising experience, individuals may also favourably compare their experiences with those of other people's, as a way of coping with their trauma. For instance, in the case of a huge fire which broke out in Los Angeles, which damaged many properties, in the newspaper the Los Angeles Times (April 21st 1982), a young father was quoted as saying 'We were luckier than the retired ones', whilst a



78 year old woman was quoted as saying 'I'm worrying about the younger people' (Taylor et al. 1983: 30). Individuals who have been victimised also often create hypothetical worlds in which the victimising experience is even more devastating. Individuals may be repeating the fears that they had during the victimising experience. Rape victims report more terror around the possibility of being murdered than the rape itself at the time of the event (Taylor et al. 1983). Constructing worst case scenarios can have a positive effect upon individuals as individuals then come to believe that they have been lucky, because the outcome of the event may have been much worse. For instance, rape victims frequently note that they could have been killed, or subjected to greater violence (Burgess & Holmstrom, 1979).

#### 2.2.5 Search for Meaning.

A further psychological way of mitigating the detrimental effects of victimisation is through finding meaning in the victimisation experience itself. If the victimisation can be seen to be serving "a purpose", then the victimised individual can to some degree restore the belief in a just, ordered world (Janoff-Bulman, 1983). Taylor et al. (1983: 32) highlight the case of a woman who had been savagely beaten, shot in the head and left to die, but who had survived. She was later quoted as saying that the event had led to a reconciliation with her mother. In a study looking at victims of father-daughter incest, women's search for meaning was important. Thus, although sexual abuse had terminated an average of twenty years ago, over eighty per cent of the sample of women still reported searching for some reason regarding why the abuse occurred (Silver et al. 1983: 86). For those who did find reasons, they did so through examining the situation in their homes at the time of the abuse, together with the character, motives and behaviour of their fathers. The longer the abuse continued during childhood the longer the search for meaning in adulthood. Where women found some understanding of the events which occurred in their lives, this helped them to cope with their victimisation (Silver et al. 1985). Similarly, in a different study of women who had been abused as children by their fathers, it was found that those women who were able to understand why this had happened, were less psychologically distressed than those who could not make any kind of sense out of the experience (Janoff-Bulman, 1983). However, a substantial proportion of incest victims do not find a reason which explains why the abuse occurred, and in Silver et



al's (1983: 7) study over fifty per cent of the women could not understand why they had been sexually violated.

#### 2.2.6 Attitudes toward Perpetrators.

Attitudes towards the perpetrators of the victimising events have also been examined by researchers. It seems that where the victimisation is particularly severe, such as in the case of death of a partner or child, individuals exhibit hatred towards the offender (Brown et al. 1990). At the same time, strong retributive attitudes towards offenders are also experienced. This involves the belief that the person who caused the death of their partner or child should receive punishment commensurate with the heinous crime that was committed. In these cases, the bereaved are especially distressed if the perpetrator fails to show remorse for what has happened (Wortman et al. 1997). Many of the men who had experienced assault in Stanko & Hobdell's (1993) study reported having experienced intense anger and a desire for revenge. In the case of burglary, on the other hand, a study by Maguire (1982) revealed that retributive feelings were comparatively rare. Fewer than thirty per cent thought that their burglar should receive a custodial sentence. It seems that these individuals believed that prison is an inadequate response to criminality and that the offender should repay his/her debt in a useful way by working for the community. However, those who had been most seriously upset by the burglary were the most likely to display vindictive feelings towards the offender. This included a desire for personal revenge or corporal punishment. Those who believed the burglar to be a professional were more likely to want severe punishment than those who thought the crime was committed by 'amateurs', such as young people (Maguire: 1982: 140). In Shapland, Willmore & Duff's (1985) study of victims of violent crime, it was found that individuals were not particularly punitive in the sentence that they believed the offender should receive.

### 2.3 Victimization: The Emotional Impact.

Research studies looking at victimisation suggest that there are common emotional experiences shared by individuals who have been victimised by a wide variety of events. The emotional reactions commonly documented by researchers include shock, confusion, helplessness, anxiety, fear and depression (Gittleson et al.



1978; Dobash & Dobash, 1979; Katz & Mazur, 1979; Janoff-Bulman & Frieze, 1983; Shapland et al. 1985; Brown et al. 1990; Ehrlich, 1992; Stanko & Hobdell, 1993; Indermaur, 1995). For instance, male victims of assault displayed shock, fear, anger and/or disbelief during the event (Stanko & Hobdell, 1993), while in Indermaur's (1995) study of victims of violent property crime the individuals experienced feelings of shock, surprise, fear or horror when initially confronted by the offender (Indermaur, 1995).

### 2.3.1 Fear.

In many instances, the fear that people feel relates to a fear of death at the time of the victimisation. In Stanko & Hobdell's (1993) study, for some of the men, fear was the fear that they might be killed during the time of the assault. Women who have been raped commonly fear death at the time of the violence (Burgess & Holmstrom, 1974; MacDonald, 1971; Russell, 1975; Katz & Mazur, 1979). After the rape, many women will then fear being raped again, also a fear of all men, a fear of sex, and a fear of pregnancy and venereal disease (Burgess & Holmstrom, 1974; Katz & Mazur, 1979). For women who have been flashed at, fear is often a fear of death. It seems that the main influence upon how each individual woman reacts to flashing is often a realistic personal assessment of the possible danger to herself in the situation (McNeill, 1987). Women battered by their husbands often feel fear. This consists of a fear of their husbands and a fear of future violence from them. These women thus become nervous and expect possible future incidents (Dobash & Dobash, 1979). In Maguire's (1982) study of individuals victimised by burglary, fear was a common response, particularly amongst women. Fifteen per cent of the individuals indicated a general reaction of insecurity, resulting in fear when entering the house or some of its rooms, to fear when alone in the house during hours of darkness.

### 2.3.2 Anger.

Research studies document that women who have been raped often express little overt anger towards the rapist (Katz & Mazur, 1979; Mezey, 1988). It has been suggested that this may be because women are conditioned to repress their feelings of anger (Katz & Mazur, 1979). On the other hand, Mezey (1988) argues that this may be because during the rape itself many women have to suppress their anger in order



not to provoke a greater level of violence from the attacker. Thus, anger towards the rapist rarely emerges, and the woman often then tends to blame herself (Mezey, 1988). Women who are violently beaten by their husbands may feel intense anger. Sometimes the anger is directed at behaviour other than the physical abuse itself: for instance, if the husband spoils a special occasion such as a child's birthday (Dobash & Dobash, 1979). Maguire's (1982) study of individuals victimised by burglary found that while almost fifty per cent of female victims reported shock or some form of emotional distress, the most common initial reaction by men was one of anger. These reactions included a wide range of severity - anger ranged from 'indignation' to 'blind fury' (Maguire: 1982: 124).

### 2.3.3 Post Traumatic Stress.

Severe reactions that may result from a victimising experience have been described as 'post-traumatic stress disorder' (PTSD), which is presented in the American Psychiatric Association's DSM III (1980). PTSD includes the victimised individual re-experiencing the trauma via memories, intrusive thoughts, dreams and a numbing of responsiveness. Post-traumatic stress disorder can also often involve feelings of detachment from others, a diminished interest in significant activities, an exaggerated startle response, sleep disturbance, trouble in concentrating, and the development of phobias (Janoff-Bulman & Frieze, 1983). Male victims of assault commonly display phobias, a disruption to routine sleep and social patterns, hypervigilance and exaggerated startle responses (Stanko & Hobdell, 1993). Individuals victimised by burglary may experience a difficulty in sleeping, and in at least three cases in Maguire's (1982) study, paranoid symptoms were displayed where the victimised individuals believed that somebody held a grudge against them and was 'watching' them. A disturbing long-term effect almost exclusively experienced by women was that of a 'violation or a presence in the house' (Maguire, 1982). In cases of sexual assault, when the attacked person fears for their life during the assault, this is likely to lead to post-traumatic stress disorder (Girelli, 1986; Kilpatrick et al. 1987; Falsetti et al. 1992, Sales et al. 1984; Resick & Nishith, 1997). Families of murder victims experience sleep disturbance, including nightmares, acute stress and isolation (Brown et al. 1990).



#### 2.3.4 Internalising or Hiding Emotions.

There may, however, be individuals who, whilst experiencing emotions, may not express them. This may have a physiological effect upon the person concerned through, for example, raising blood pressure levels. Thus, it may be detrimental for individuals not to express their emotions. However, Wortman (1983) suggests that expressing emotions may not always have a beneficial effect, especially when other people may respond to the victimised individual in a negative way. Emotions such as anger and bitterness may evoke a less sympathetic response from others than fear or guilt. Negative responses from other people may have a negative effect upon how well the victimised individual survives the event(s) (Wortman, 1983).

#### **2.4 Victimisation: The Behavioural Impact.**

In many instances of victimisation, individuals report a change in their behaviour. The changes can involve avoiding a specific location perceived as being potentially harmful, or can be composed of a more pervasive, general lifestyle change.

##### 2.4.1 Avoiding the Particular.

In avoiding the particular some women who have been flashed at may avoid particular areas or avoid particular activities regarded as being dangerous. An example here can be of a woman who was flashed at at the age of fifteen, as she played tennis with a friend in the early evening. This woman stopped playing tennis (McNeill, 1987). Another example here is of a man who was often beaten in the toilet by his school peers. As a result, this man never uses public toilets:

*I've been terrified of men's rooms. Especially in places where men are apt to congregate, just because that was the place where I used to get beat up the most. (Stanko: 1990: 47)*

A further example is that of a woman who had been raped, who now is uneasy about shopping in all-night convenience stores:

*Last week I was driving (alone) and I have this feeling about driving at night. I think this might have to do with the fact that I just recently got my licence, but I was going to this convenience store, and I was thinking about the fact that I was alone, and that it was dark, and going to a convenience store - you hear about things that happen*



*late at night at convenience stores, so yeah, I was very conscious (about my safety). (Stanko: 1990: 48)*

#### 2.4.2 Avoiding the General.

The experience of victimisation may result in a more general, pervasive lifestyle change. For example, some women who have been flashed at report no longer going out at night as a result of their experience (McNeill, 1987). Rape can have a significant impact upon women's behaviour. In a study of raped women, while twelve per cent responded that the rape had caused a minimal change to their behaviour, thirty-three per cent were more likely to see situations similar to the ones in which their assaults took place as dangerous. These women would avoid the places where they were attacked, as well as the times that they were attacked (i.e. day or night). Thirty-two per cent of the women exhibited a 'diffuse reaction' whereby dangerous situations were seen broader than the situation in which the attack occurred. Twenty-three per cent had a 'total fear' reaction. This is characterised by a greatly increased perception that the world is dangerous and that every situation is potentially dangerous. Women here would often say that they were always afraid (Scheppelle & Bart: 1983: 69-71). Rape may also lead to a lack of sexual desire, which may cause relationship problems (Burgess & Holmstrom, 1974). Women who are assaulted by their husbands seek to change their own behaviour so as to try and avoid future beatings, this may involve complying with the man's wishes, or avoiding the man where possible. Some may also either temporarily or permanently leave their husbands (Dobash & Dobash, 1979; Norris & Feldman-Summers, 1981). Some of the assaulted men in Stanko and Hobdell's (1993) study exhibited changes in their behaviour. Some men chose a period of isolation, while others armed themselves for future encounters. Indermaur's (1995) study illustrates that violent property crime can also have a major impact upon individuals' behaviour, since in all cases individuals increased their home and personal security. Moreover, three of the individuals resigned from their jobs, whilst two others moved home. Similarly, raped women may also move home as a result of feeling unsafe where they live, or due to fear of retaliation from the offender (Katz & Mazur, 1979). Individuals who have been sexually harassed at work may leave their jobs, or their work performance may decline (Russell, 1984).



Behavioural responses such as those illustrated here may have a positive impact upon the individual's coping, as they can provide an individual with a sense of control, thereby minimising their perception of vulnerability (Janoff-Bulman & Frieze, 1983). At the same time, however, they may cause unnecessary restrictions to a person's life. Other types of behavioural change in the aftermath of a victimising event, is the use of drugs in order to try and cope with the after-effects. For example, in Russell's (1990) study of women raped in marriage some of the women used alcohol in order to cope with their situations. Upon leaving their husbands, some chose never to marry again. Wife rape can thus have a significant impact upon women's lives. Verbal abuse against lesbians and gay men can restrict their everyday behaviours through fear of physical attack. Some of these individuals may withdraw from public space (Garnets, Herek & Levy, 1992).

### **2.5 Victimisation: The Physical Impact.**

The physical effects of victimisation can range from mild injuries, to severe internal and external injuries (Stanko & Hobdell, 1993). Many victimised individuals require medical help, which may be provided by a hospital casualty department, a police doctor, or the victimised individual's general practitioner. The police often advise victims to visit the casualty department (Shapland et al. 1985). Women who have been raped may suffer irritation to the throat as a result of forced oral sex, also vaginal injury or rectal pains and bleeding. Headaches, nausea and fatigue are also symptoms which have been documented (Burgess & Holmstrom, 1974). Women who have been raped may become pregnant as a result (Katz & Mazur, 1979; Russell, 1990). This may lead them to undergoing abortions or placing their babies into adoption (Russell, 1990). A particularly distressing physical effect of victimisation may be self-destructiveness. This is where the victimised individual may try and kill her/him self. In cases of wife battering, for instance, women may blame themselves for the violence committed against them to the extent that they may take, or attempt to take, their own lives (Dobash & Dobash, 1979). Often, women are thinking of committing suicide but do not do so 'for the sake of their children' (Hoff, 1990). Women raped by their husbands may also try and take their own lives. These women often experience physical and sexual violence from their husbands and committing



suicide is used by the women as a means of ending this (Russell, 1990). Women suffering physical and sexual violence from their partners may also try to kill their partners when there appears to be no other solution to their problem (Dobash & Dobash, 1979). Women raped by men who are not their husbands or lovers also may attempt suicide (Katz & Mazur, 1979). In cases of father-daughter incest, women may also attempt to take their lives. According to Silver et al's (1983: 85) study, forty-six per cent of the women interviewed reported attempting suicide.

## **2.6 Victimization: The Financial Impact.**

The financial impact of victimisation may consist of the costs involved in going to the police, to court, seeking legal advice, or lobbying Parliament (Shapland et al. 1985). Time spent in physical or psychological recovery may lead to a loss in income due to the individual being unable to return to work. For instance, raped women may experience a loss of income due to being unable to return to work. Some of these women may become pregnant as a result of the attack on them, and so may then have to bear the cost of bringing up the child (Katz & Mazur, 1979; Russell, 1990). They may also incur extra expense through buying more personal and property security (for example, new door locks) (Katz & Mazur, 1979). This is also the case for people victimised by burglary, who may spend large sums of money trying to make their homes more secure (Maguire, 1982; Indermaur, 1995). Families of murder victims often have to cope with financial difficulties. The individuals concerned may be unable to return to work for a considerable amount of time due to their grief, and if they are self-employed this means that their income stops altogether. Death certificates are necessary where families want to make withdrawals from the deceased's bank accounts. Death certificates are also necessary for claiming insurance policies, tax rebates and unpaid salaries. However, these may take from ten days to eighteen months to arrive, depending upon how many post-mortems are carried out and whether or not an offender has been apprehended. Additionally, extra costs have to be met, such as funeral expenses, the expense of going to the mortuary, to court and so forth (Brown et al. 1990). Women battered by their husbands who leave their homes may experience poverty due to no longer having the husband's wages to rely upon. This is particularly acute when children are involved, since if the woman goes



to work she will have to pay for child care facilities (Dobash & Dobash, 1979). The financial costs of victimisation can thus be severe.

## **2.7 Summary.**

A possible problem with the studies mentioned above documenting the psychological, behavioural, emotional, physical and financial impacts of victimisation, is that they have not included a control group of non-victims, in order to see whether the experiences which researchers identify are specific to victimised individuals. In order to try to address this issue, Lurigio (1987) compared a range of psychological, behavioural and attitudinal measures between victims and non-victims. After controlling for variables which may contribute to any differences between the two groups other than victimisation (for example, gender, race, income), Lurigio (1987: 462) concluded that there were significant differences between victims and non-victims in terms of individuals' perceived vulnerability, the fear that individuals reported, the protective behaviours individuals engaged in, and the nervousness, sleep disturbance, and unpleasant thoughts exhibited by individuals. It is thus likely that victimisation involves specific experiences. At the same time, however, there may be a variety of factors which influence the severity of these experiences. Some of the factors will now be explored in order to demonstrate the complexities in exploring victimisation.

## **2.8 Influences upon the Severity of the Impact of Victimisation.**

The severity of the impact of victimisation may be dependent upon a number of factors. These may be divided into three areas: pre-victimisation factors, which consist of demographic characteristics, psychological characteristics, quality of relationships and chronic life stressors; factors which relate to the specific characteristics of the victimising event itself; and post-victimisation characteristics, which consist of the amount of time following the event, and formal and informal systems of support.

### **2.8.1 Pre-victimisation Factors.**

Demographic factors such as age, marital status, employment, education and sexuality have been examined to see whether these have any effect upon the impact of



the victimising experience. Results here are rather mixed. According to Maguire (1982: 131), sixty-two per cent of the most severely affected of people victimised by burglary were separated, widowed or divorced. Maguire (1982) concludes that the reason for these findings may be because these individuals were already experiencing a number of stresses in their lives. However, Sales et al. (1984) conducted a research review of rape victims and found that marital status did not seem to influence the impact of the crime, and that neither did employment status, education nor religion. Sales et al. (1984) found that age has an impact, although in quite a complex way. In the immediate post-assault period younger women demonstrated higher levels of symptoms, however, these were of quite a short duration and six months later younger women were experiencing less difficulty than older women. Age may thus have quite a different impact according to the time since the victimisation. This may be the case for other demographic variables. Sexuality may also have an influence upon the impact of victimisation. Where a lesbian or gay man has 'come out' prior to their victimisation, this may lead to a more positive response to the victimising experience. This is because such a person may already have supportive groups and community resources to help them through their experience (Stanko & Curry, 1997). Such a person may also be able to balance their victimisation experience against many other positive aspects to their sexuality (Garnets, Herek & Levy, 1992). Pre-existing problems of drug-use, alcoholism and learning difficulties may lead to greater impact of victimisation (Burgess & Holmstrom, 1978, 1979). Similarly, pre-existing neuroses may increase the severity of the impact of victimisation (Krupnick & Horowitz, 1980; Symonds, 1980; Sales et al. 1984). Social deprivation in terms of unemployment and low income may also affect the ability of individuals to survive the victimisation (Burgess & Holmstrom, 1978; Young & Matthews, 1992). These individuals are differentially situated and this mediates the impact of victimisation in complex ways.

### 2.8.2 Factors Relating to the Victimisation Event.

The context in which the victimising event occurs may also influence the impact of the experience. Researchers examining the impact of sexual violence upon women argue that women's ability to mitigate the harms depends upon the context in which the abuse occurs. Where the violence occurs in a place previously viewed by



the woman as safe, then this may have a more severe impact upon a woman than if the violence occurs in a place which was regarded as being unsafe (Janoff-Bulman & Frieze, 1983; Scheppele & Bart, 1983; Kelly, 1988). Where the offender is known to the victimised individual this can increase the severity of the impact. In this case, contact with the offender may not necessarily stop after the victimisation, which may cause great distress contact will not necessarily end with the offence (Shapland et al. 1985). The severity of the actual victimisation also seems to have an influence upon the impact upon the person. This may be because the greater the violence involved, the greater the distress caused. For instance, a study of women who had either been raped or who had managed to avoid being raped, found that a higher proportion of raped women exhibited severe fear and distress levels than those who had avoided being raped (Scheppele & Bart: 1983: 75). In a further study by Norris & Feldman-Summers (1981) of 179 female rape victims, as the severity of the assault increased so did the psychological, emotional and physical impacts.

### 2.8.3 Post-victimisation Factors.

The amount of time following the victimising event has an influence over the severity of the psychological, emotional, behavioural, physical and financial effects of victimisation. At first there is likely to be a crisis period, where the severity of the symptoms is greatest. This may then eventually be followed by a reorganisation phase, whereby the victimisation becomes assimilated and the survivor tries to continue with their life. Studies of rape victims have often tended to document the short-term impact of rape, followed by the women's attempts to restore 'equilibrium'. It has been argued by some researchers that some women will go back to 'equilibrium' while others will continue to show fear, anxiety, confusion (Schram, 1976; Symonds, 1976). However, many observers (Oliven, 1955; Lewis & Sarrell, 1969; Halleck, 1962; Wells, 1961; Hartman, 1974; Peters et al. 1976) have found that rape often leaves a permanent impact upon the woman which may lead to marital problems, illness and suicide. Similarly, Sales et al. (1984) found that at no time during the three years that they spent documenting rape victims' reactions did their symptoms return to their pre-assault level. Likewise, in a study of individuals whose partners or children had died due to a traumatising, sudden event such as a hit-and-run, individuals' lives changed dramatically, and individuals experienced painful



upsurges of grief (Wortman et al. 1997). Stanko & Hobdell (1993) document how some of the male victims of assault that they interviewed had felt that the experience had radically altered their lives and, to some extent, their personalities. A study of women who, as children, had experienced sexual abuse from their fathers revealed that for sixty-five per cent of the women memories, thoughts and pictures regarding the incest continued to invade their minds for years after the abuse had taken place (Silver et al. 1983: 92). Moreover, the images that they recalled were still vivid, as one elderly woman said: 'I am 72 years of age and I can still 'see' as if it just happened, my mother scolding me that day (Silver et al. :1983: 87). Terms such as 'recovery' or 'resolution' when documenting victimisation are therefore highly problematic, and indeed, do not reflect many victimised individuals' experiences. Victimisation often involves long-term effects, and individuals may remain changed forever.

#### 2.8.4 Support and Coping.

A helpful social support network can significantly help victimised persons to cope with any detrimental impact (Cobb, 1976; Kutash, 1978; Bard & Sangrey, 1979; Silver & Wortman, 1980; Sales et al. 1984; Kelly, 1988). A supportive social network may consist of friends and family, as well as professionals and social agencies such as the police and hospitals. These can make the individual feel that they are being 'cared for'. These can provide emotional support, allowing individuals to discuss their experiences, as well as provide practical, problem-solving advice (Janoff-Bulman & Frieze, 1983). For instance, in the case of battered women, responses from others may involve providing the woman with temporary accommodation, helping her to take care of her children, accompanying her on a visit to a doctor, lawyer, social worker, police station and so forth (Dobash & Dobash, 1979). Victim Support schemes may offer help to victims of crime. A study examining the impact of a visit from victim support scheme volunteers found that the main objective had been to encourage the victim to express his or her feelings about the crime. Almost two thirds of the victims said that the visits had made some difference, and twelve per cent had said that they had made a 'very big difference' to how they had coped with the emotional impact of the crime. The authors of the study conclude that a group of individuals who were visited by Victim Support scheme volunteers, when matched against a group of individuals who



weren't visited, tended to recover better. The visits seemed to show people that at least 'somebody cared' (Corbett & Maguire, 1988).

However, responses from other people and agencies may be negative, and this may increase the severity of the victimisation. For instance, in Hoff's (1990) study of battered women, many reported receiving negative responses from professional agencies, and the counselling which they received was often inadequate. While Hobdell & Stanko's (1993) study of males victimised by assault revealed that most of the men injured at work experienced a lack of support from their employers. Dissatisfaction with their treatment in court was also expressed by some (Hobdell & Stanko, 1993). When considering victim support groups, many people may feel uncomfortable discussing their plight with strangers. Furthermore, most groups are made up entirely of women because it seems that men may be more reluctant to express their emotions. This may make it problematic for a man to join a victim support group. Individuals may also find it overwhelming to encounter in a support group so many people who have had their lives shattered. This may reinforce an individual's view that the world is an 'evil place' (Wortman et al. 1997). With respect to lesbians and gay men, the police and physicians may assume that the victim is heterosexual and so display insensitivity when interacting with the victim (Garnets, Herek & Levy, 1992). Thus, it seems that some responses to victimisation may be inadequate and may not provide significant help for some individuals.

It can be argued that the research studies reviewed above are valuable because they give some understanding of the substance of the experience of victimisation. Despite this, however, a significant proportion of victimisation research can be accused of being social-policy orientated (Cressey, 1986) since it seems that a common, underlying theme in many studies is that of acquiring knowledge about the victimising experience so as to use this to respond effectively to victims' needs. For instance, Resick (1990) reviews the literature which documents the impact of sexual assault upon victims. The author states that a main aim of this chapter is to discuss the implications that victimisation studies have for intervention with adult victims of sexual assault. Similarly, Riggs & Kilpatrick (1990) write about the impact of crime on indirect victims such as the families and friends of murder victims, with a view to



helping them through implementing effective victim initiatives. At the end of their analysis, there appears a section entitled 'practical considerations regarding the indirect victims of crime' which discusses the unique problems faced by these individuals and how practitioners should take this into account (Riggs & Kilpatrick: 1990: 132). On page two of Maguire's (1982) study of burglary victims, it is stated that it is hoped that the research examining the impact of burglary upon victims will 'soften the blow' for these individuals. Later on in this study, Maguire (1982: 133-134) suggests a variety of possible strategies for reducing the adverse effects of burglary, including targeting help at the most vulnerable groups such as separated, divorced and widowed women; and restoring the victim's sense of safety within their own home through target hardening measures and crime prevention advice from the police. Another example is that of Indermaur's (1995) study of victims of violent property crime. Indermaur (1995) uses his results to suggest practical ways of helping victims:

*Victims of crime need to be informed of the possible psychological effects of victimisation and that help is available. This information could be transferred to all victims of crime by way of a standard card, booklet or sheet provided at the time they make the offence report....At present it appears that victims in western Australia and elsewhere are informed rather unevenly and in an unencouraging way that they may present a victim impact statement to the court.... A much fairer and balanced approach would be to direct, in all cases where a pre-sentence report is ordered, that a victim impact statement is also ordered and that report be compiled allowing the same rights for the victim as exist for the offender (Indermaur: 1995:176-177).*

A final example which can be used here is that of the study by Sales, Baum & Shore (1984) examining readjustment following sexual assault. The authors end this paper with a section entitled 'policy implications' where it is argued that victims need a full explanation of what will happen as their cases move through the criminal justice system. The finding that a stable family relationship is related positively to recovery, suggests to the authors that family involvement in recovery is needed (Sales, Baum & Shore: 1984: 134).

Other victimisation studies look specifically at the criminal justice system and crime victims' needs. This is because there has been a recognition that victims are vital to the reporting and investigation of cases and essential as providers of evidence



in court (McCabe & Sutcliffe, 1978; Mawby & Colston, 1979; Steer, 1980). Thus, in Shapland et al's study (1985) of the experience of victims of violent crime, between thirty-five per cent and forty-one per cent of cases were reported by the victim him/herself. Another fifty per cent were reported by other civilians, such as passers-by, neighbours, friends of those in charge of the places where the offences occurred (Shapland: 1985: 211). While in Newburn & Merry's (1990: 5) study of one hundred victims, sixty-four had contacted the police themselves, and in a further nine cases a member of the victim's household had reported the crime to the police. 'Secondary victimisation' refers to victims being victimised further by agencies of the criminal justice system, through insensitive or harmful approaches to victims' plight (Maguire & Pointing: 1988:11). Cases have arisen whereby victims have received inadequate treatment by the criminal justice system (through, for example, insensitive questioning by the police), and so victims' needs has become an area of concern by criminal justice agencies (Zedner, 1994).

Victim satisfaction with various agencies and processes of the criminal justice system is one prime area where victims' needs and concerns have been explored. In Shapland et al's (1985) study, for instance, it was found that seventy-five per cent of victims were satisfied or very satisfied with the police at their first contact. While in Newburn & Merry's (1990: 13) study, eighty-five per cent of victims said that they were very satisfied or satisfied with their initial contact with the police. Furthermore, a general finding is that satisfaction depends upon the attitude of the police during initial contacts with victims, rather than the outcome of their cases (Maguire, 1982; Kelly, 1982; Shapland, 1985; Newburn & Merry, 1990). Shapland et al's (1985) study also found that the level of victim satisfaction decreased as their case progressed through the criminal justice system, largely due to receiving insufficient information regarding their case from the police. These results were confirmed by Newburn & Merry's (1995: 19-20) study which illustrated that the flow of information between the police and victims can be poor. While victims expressed a desire to know what had happened to the offender, in only twenty-seven out of forty-six cases (fifty-nine per cent) in which an arrest had been made did the victim know what had happened. Out of those twenty-seven, sixteen had heard either in court or by the police, five heard by word of mouth, three by reading it in the local press, one from a local victim



support scheme and two via a letter from court informing them that they had been awarded compensation. In Mirrlees-Black & Budd's (1997: 4) analysis of the 1996 British Crime Survey, while the majority of victims were satisfied with police response only thirty-eight per cent of victims considered that they had been kept very or fairly well informed about the progress of investigations. In the court itself, studies have also found that victims may find there to be a lack of facilities (Kelly, 1982; Shapland, 1985).

## **2.9 Problematising the Category 'Victim'.**

In pursuing a policy agenda, some of the studies examining the forms and impacts of various types of crime may have skewed our understanding of victimisation. Victimisation has tended to be viewed by a significant proportion of research studies as individual suffering, and socio-structural processes which may have an influence upon the experience of victimisation have tended to be overlooked. As chapter one suggests, structures such as race, age, gender and class may be important dimensions to consider when exploring victimisation. Moreover, through pursuing a social policy agenda, many studies have tended to focus upon the impact of physical and sexual violence and property crime, and have not tended to problematise the category of 'victim'.

Many victimisation studies have often taken their samples of victims from crime events notified to the police. For instance, in his study of victims of violent property crime, Indermaur (1995) obtains a sample of ten victims through examining police offence reports. Thus, the victims focused upon are those whose crimes have been reported committed to the police. This then excludes any individuals who have had violent property crime committed against them but who may not have reported this to the police. In many victimisation studies, the term 'victim' is rarely discussed, as though merely to write down the term is sufficient for readers to know what is meant. For example, Sales et al's study (1984) of rape victims uses women referred to the researchers via rape crisis centres and seventeen per cent coming from public appeals. However, these authors do not problematise or define what they mean by 'rape victim' and they do not describe what instances of rape these women encountered. It could be argued that explaining who the 'victims' are is important, as



different cases of rape may have different consequences for the victims (e.g. rape in marriage as opposed to stranger rape). Similarly, in Norris and Feldman-Summers' (1981) study of rape victims, the word 'victim' is often used but never defined nor discussed.

In the few cases where the term 'victim' is discussed, this tends to be done in such a way so as to evoke sympathy from the reader. For example, Morris (1973: 21) writes that 'a victim is defined as one who is harmed by or made to suffer from an act, circumstance, agency or condition'. While Taylor et al. (1983) argue that 'One may be a victim of one's own actions, of impersonal forces, or of other people's actions, whether intentional or not...Victimisation is suffering and loss'. It seems that many research studies have taken a group of individuals victimised by crime, and labelled them as 'victims' (Gittleson, Eacott & Mehta, 1978; McCabe & Sutcliffe, 1978; Norris & Feldman-Summers, 1981; Maguire, 1982; Baum, Fleming & Singer, 1983; Miller & Porter, 1983; Perloff, 1983; Silver, Boon & Stones, 1983; Wortman, 1983; Shapland, Willmore & Duff, 1985; Brown et al. 1990; Lurigio & Resick, 1990; Wortman, Battle & Lemkau, 1997). The psychological, behavioural, emotional, physical and financial impact on these individuals have then been documented. Rarely have the individuals been viewed as agents who act upon their surroundings, rather they have been viewed as victimised individuals who have experienced great trauma. The defining label through which these individuals are viewed is that of 'victim'. Other aspects to their lives and personalities tend to be omitted.

This work, it can be argued, contributes to the creation of an ideal victim, who is passive and innocent (Davis et al. 1997). Yet the term 'victim' is highly problematic. As discussed in chapter one, victims may be viewed from a variety of different perspectives - as active agents resisting their structural constraints (Mawby & Walklate, 1994), or as individuals who actively contribute to their own victimisation (Amir, 1971); as individuals victimised by street crime (Hindelang et al. 1978), or as individuals victimised as a result of human rights violations (Schwendinger & Schwendinger, 1972; Elias, 1985). Moreover, not all victimised individuals are given the label of 'victim' by state agencies and wider society (Christie, 1986; Elias, 1990).



It can be argued that the victimised individual, in order to be labelled as 'victim', must contain ideal characteristics which label her/him as being truly innocent:

The ideal victim is a sort of public status of the same type as the hero. The ideal victim is weak compared to the unrelated offender, as well as having put a reasonable energy into protecting herself (in rare cases himself) against becoming a victim. A further condition for being an ideal victim is that you are powerful enough to make your case known and successfully claim the status of an ideal victim. Or alternatively, that you are not opposed by so strong counter-powers that you can not be heard. She/he must be strong enough to be listened to or dare to talk. But she/he must at the same time be weak enough not to become a threat to other important interests. Ideal victims need and create ideal offenders. Victims that merge with offenders make for bad victims. The ideal offender is dangerous, someone not like us, evil. Ideal victims do not necessarily have much to do with the prevalence of real victims (Christie: 1986: 52).

When exploring victimisation it seems that the category of 'victim' itself must be questioned and examined. Researchers should not use the term without giving due consideration to the meanings which underpin the word, exploring the processes which affect what types of individuals are more easily afforded the label. Elderly people, children and women often receive a more sympathetic response to their victimisation than working-class males (Elias, 1990). Henderson (1986: 105) argues that:

'Victim' suggests a non-provoking individual hit with the violence of street crime by a stranger. The image created is that of an elderly person robbed of her life savings, an innocent bystander injured or killed during a hold-up...Victims are not prostitutes beaten senseless by pimps or clients, drug addicts mugged and robbed of their fixes, gang members killed during a feud, or offenders raped by cellmates (Henderson: 1986: 105).



Individuals victimised by street crime have the label 'victim' placed upon them more easily than victims of white-collar crime (Elias, 1990). The harm that white-collar offences wreak has thus often been overlooked, since individuals who have been affected by white-collar crime have tended not to be labelled as 'victims' and therefore their experiences have rarely been documented.

The social policy agenda underpinning many studies examining victimisation is part of a wider victims' movement which has been evolving since the late 1970s, whereby policy makers and state agencies have shown an increasing concern for the victims of crime (Skogan et al. 1990; Mawby & Walklate, 1994; Zedner, 1994). Victim initiatives have emerged which attempt to address victims' needs and their plight. However, initiatives have predominantly been directed at the victims (both adult and child) of physical and sexual violence and property crime. Individuals victimised by more hidden forms of crime, for example white-collar crime, have tended to be overlooked.

### **2.10 Victim Initiatives.**

Taking a look specifically at Britain, the Criminal Injuries Compensation Scheme was established in Britain by the Home Office in 1964 to provide discretionary payments to the victims of unlawful violence. Its role is to financially compensate those who have suffered some loss or harm as a result of a crime committed against them. However, the philosophy underpinning this scheme is that victims have no direct right to compensation. This means that in practice, only certain types of victimised persons receive compensation, those regarded as 'deserving'. In the past, claimants have been excluded in cases where the offence was not reported to the police, where the offender is currently a member of the victim's household<sup>2</sup>, and where the victimised individual leads a life of crime or has a drink problem, and thus is labelled as undeserving of compensation (Mawby & Walklate: 1994: 150).

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<sup>2</sup> Following the Home Office (1978) working party, the exclusion relating to violence within the family was modified, and victimised individuals here are now eligible for compensation, but only where the offence is exceptionally serious and where the relationship is one of estrangement (Mawby & Walklate, 1994).



In 1974 the first Victim Support Scheme was established in Bristol, offering help and advice to victims (Walklate, 1989). By 1997-98 the organisation has expanded to incorporate 386 affiliated schemes in England, Wales and Northern Ireland, offering help to 1,164,512 individuals in that year (Victim Support Report: 1998: 20). Victim Support Schemes receive grants directly from the Home Office, and also through fund-raising. In 1998 the government provided £12,682,000 to Victim Support (Victim Support Report: 1998: 26).

Victim Support is a non-political organisation which has avoided campaigning on behalf of victims (Zedner, 1994). It concentrates on offering practical advice, support and counselling to victims (and their families) of a wide range of crimes, including homicide, sexual violence, physical violence, burglary, theft, and road death (Victim Support Report, 1998). Victim Support also operates a Crown Witness Service and Magistrates' Court Witness Service, whereby volunteers provide emotional and practical support to victims before and during the trial of their cases (Victim Support Report, 1998). The majority of individuals who are assisted by Victim Support are referred by the police<sup>3</sup>. Schemes first contact victims of crime by a visit, a telephone call or a letter. However, those individuals victimised by crime who have not reported the incident to the police are not likely to receive any support. Similarly, those individuals who are victimised by events which may not necessarily be defined or labelled as 'criminal' are also unlikely to receive help from Victim Support (a theme which is developed in chapter eight).

In 1990 the Home Office announced the introduction of a 'Victim's Charter'. A second Victims' Charter was published in 1997. This sets out the services that victims should expect from the criminal justice system. For example, the kind of information they should expect about the progress of their case, about trial dates, bail and sentencing decisions (Home Office, 1997). Again, however, government policy seems to be directed at particular kinds of victims - those in contact with the criminal justice system. With respect to the present research project, chapter eight will

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<sup>3</sup> In some instances, the police will report all cases to Victim Support, whilst in others, only victims of certain types of crime will be referred. In other areas the police will decide which victims are most in



illustrate how victims of financial crime may be in contact with the financial regulators such as the Financial Services Authority and the Personal Investment Authority and yet there do not seem to be any mechanisms in place here which provide victims with emotional nor practical support.

### **2.11 Summary.**

As can clearly be seen above, it seems that the concern shown towards victims of crime by policy makers has been focused upon particular categories of victim. Specifically, victims of physical and sexual violence and property crime tend to be offered support whilst individuals who experience harm from other forms of criminal and non-criminal events, such as white-collar infractions for example, tend to be overlooked. This theme will be developed later in this thesis when the experiences of employee victims will be explored.

### **2.12 Conclusion.**

This chapter has reviewed the research looking at impacts of victimisation, as well as briefly examined some of the victim initiatives which have been developed to address the consequences of this impact. Research studies suggest that a victimising experience often involves psychological, emotional, behavioural, physical and financial impacts. This information may be useful to help explore the impacts of other forms of victimisation, and for the purposes of the present research study will be used to help explore the experiences of individuals who worked for a fraudulent employer or for an organisation considered to be corrupt by state and regulatory authorities.

However, it can be argued that the largely unproblematic stance taken to the label 'victim' in many of the victimisation studies reviewed in this chapter has contributed to the creation of an 'ideal victim', who is blameless and passive and who is victimised by physical or sexual violence or property crime (Gittleson, Eacott & Mehta, 1978; McCabe & Sutcliffe, 1978; Norris & Feldman-Summers, 1981; Maguire, 1982; Baum, Fleming & Singer, 1983; Janoff-Bulman, 1983; Janoff-Bulman

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need of support. This may mean that those who are less able to express their needs, or are considered to have suffered so much may not receive the service (Mawby & Gill, 1987 ).



& Frieze, 1983; Miller & Porter, 1983; Perloff, 1983; Silver, Boon & Stones, 1983; Taylor, Wood & Lichtman, 1983; Wortman, 1983; Sales, Baum & Shore, 1984; Shapland, Willmore & Duff, 1985; Mezey, 1988; Brown et al. 1990; Lurigio & Resick, 1990; Resick, 1990; Indermaur, 1995; Wortman, Battle & Lemkau, 1997). The next chapter examines the few studies which have explored victimisation by 'white-collar crime', and demonstrates how social, legal and cultural factors contribute to the process of silencing those individuals harmed by white-collar offences.



## **Chapter 3: White-Collar Violations: Problems of Crime and Victimization.**

### **3. Introduction.**

The last chapter examined victimisation by so-called ‘street crime’ and domestic violence: lethal and sub-lethal violence, robbery, rape and burglary. While a plethora of research has been carried out in these areas, white-collar victimisation remains an under-researched, little understood phenomenon. Although some of the financial, psychological and social costs of white-collar violations have been documented (Sutherland, 1949; Box, 1983; Levi, 1987; Levi, 1988; Mokhiber, 1988; Moore & Mills, 1990; Snider, 1991; Pearce & Tombs, 1992; Grabosky & Sutton, 1993; Coleman, 1994; Grant, 1994; Shover et al. 1994; Shichor et al. 1995), this work has tended not to be translated into substantial theoretical or empirical work (Shichor, 1989; Schlegel & Weisburd, 1992). Individuals victimised by white-collar violations may experience impacts distinct from those who have sexual and physical violence and property crime committed against them. It is crucial to explore these and so widen the lens through which victimisation has often been viewed.

This chapter aims to highlight issues which need to be considered when thinking about white-collar victimisation. Literature on the social, psychological and financial costs of white-collar violations will be reviewed, and the features of white-collar violations will be examined, in order to suggest a framework for conceptualising white-collar victimisation, and documenting its impact and distribution. The discussions will highlight how considerable ambiguity surrounds white-collar offences in political, legal and social arenas, and, I suggest, these attributes translate into ‘support’ services.

### **3.1 Documenting the Costs/Impacts of White-Collar Violations.**

#### **3.1.1 Definitions of ‘White-Collar Crime’.**

The phrase ‘white-collar crime’ is a general term which encompasses a wide variety of offences, including price-fixing, fraud, embezzlement, the sale of faulty goods and services, health and safety law violations, and the emission of dangerous pollutants. Edwin Sutherland (1949: 9) first defined the phrase ‘white-collar crime’ as ‘crime committed by a person of high status in the course of his or her occupation’.



This definition has, however, been extensively criticised. An implicit assumption in Sutherland's (1949) work is that crimes committed by high-status offenders are directed at individuals of low status. However, class, status or respectability do not need to be a part of the definition of white-collar crime since many such crimes are committed without the persons being of high status or class. It is also not clear what is meant by the term 'respectable' (Croall, 1992).

The phrase 'white-collar crime' lacks specificity and may obscure the context within which a particular offence occurs, as well as the specific experiences of the victims. Researchers have distinguished between crimes committed by organisations, and those committed against organisations. Crimes committed by organisations have been called organisational or corporate crime, and are defined as:

Illegal corporate behaviour which is a form of collective rule breaking in order to achieve the organisational goals.  
(Clinard, 1983: 11).

Crimes against organisations, on the other hand, are called occupational or white-collar crime, which is defined as:

Offences committed by individuals for themselves in the course of their occupations and the offences of employees against their employers.  
(Clinard & Yeager, 1980: 115)

However, the distinction between corporate and occupational crime can be confusing, since occupational crimes can be committed by business people against investors who might be institutions, or who might be individuals (Levi, 1987). Indeed, Clinard and Yeager's (1980) contention that occupational crimes include 'the offences of employees against employers' seems to overlook the case whereby a crime is committed by an employer against his/her employees. As the Maxwell scandal illustrates, an employer may be involved in occupational crime, and this may be carried out against his/her employees (in this case, Robert Maxwell appears to have been using the assets of employees' pension funds for his own purposes - to help to



finance his private and business interests). Punch (1996) argues that not only the owners of companies but also senior managers, middle-ranking managers and workers may be involved in embezzlement, fraud and other forms of deviant behaviour. These activities may be carried out for the interests of the organisation, but they may also be carried out against the organisation. In the case of the Bank of Credit and Commerce International, it seems that the founder, Agha Abedi, and senior managers engaged in a range of illegal activities, some of which were in the interests of the bank (for example, bribery in order to aid the bank's expansion) but others which were against the interests of the bank, for example, when some bank employees lent money to the Gokal brothers without the transactions being recorded and taking some of this money for themselves (Kochan & Whittington, 1991). Employees who work for organisations in which white-collar violations occur may not be aware that these are taking place, since both legitimate and illegitimate actions may occur within an organisation, and therefore not every employee will necessarily be involved in white-collar crime (Punch, 1996).

A further issue which arises is whether it is necessary to use the word 'crime' when discussing white-collar violations, as many of these may not involve criminal proceedings or sanctions (Punch, 1996). In western societies white-collar offences are more likely to be tackled by regulatory agencies than by the police, and these use civil actions more often than criminal sanctions against offenders (Box, 1983; Braithwaite & Pettit, 1990; Szockyj & Frank, 1996). The level of enforcement is restricted by limited resources. In Britain, factories are inspected for health and safety law violations approximately once every four years (Nelken: 1994: 356). Corporations also have close links with the state (through political contributions, sources of employment, lobbying etc.) and this has contributed to white-collar violations standing largely outside the criminal law (Szockyj & Frank, 1996). Corporations have the power to mobilise in order to influence the rules which cover their own conduct, through lobbying to influence and contest the enforcement process:

In many of the cases, then, we can observe the corporation actively defending its interests in ways that would normally be unthinkable for a 'common criminal'. Much of that defence is



aimed specifically at getting offences out of the criminal system and into informal, private, and civil settlement.'

(Punch: 1996:46)

Moreover, western democratic governments and regulators may not impose overly restrictive regulation since this might impose large costs on business. Global corporations can organise their operations so as to minimise their costs, which means that in countries where there is costly regulation, global organisations may close down their companies and move them to countries which do not impose such demanding regulation, thereby reducing their production/service costs:

Modern states are peculiarly dependent on the business sector and the capital it generates, to provide jobs and investment and create wealth, because there is no comparable alternative mechanism to achieve these ends in capitalist societies. Regulation, because it may scare capital away, is therefore to be eschewed wherever possible.

(Snider: 1991: 211)

It can be suggested, therefore, that the light regulation of corporations, whereby prosecution is often a last resort, reflects the demands of capital (Snider, 1991). Some researchers stress that increasing prosecution is the key way of handling white-collar violations (Green, 1990; Groves & Newman, 1986; Pearce & Tombs, 1992). Commentators argue that white-collar violations impose more severe costs upon the state and its victims than street crime. Thus, regulatory authorities should place more emphasis upon using criminal prosecution as their regulatory tool (Pearce & Tombs, 1992). However, adopting a punitive approach to white-collar violations is problematic. Legal infractions by businesses may not be suitable for criminalisation. It is often difficult to prove intention when dealing with organisations, since the diffusion of responsibility which exists in many companies makes it difficult to pinpoint a particular person to prosecute. Without finding an actual person responsible, raises questions about whether or not an organisation can be legally guilty of an offence (Croall, 1992). A problem arises when both corporation and individual within the organisation can be prosecuted, since authorities must then decide who to



prosecute (Walt & Laufer, 1992). Where corporations are prosecuted, these have the resources available to them to get a good quality defence and mobilise political support for their case, to the disadvantage of minority groups who have been victimised by them (Hagan, 1988; Szockyj & Frank, 1996). Trials of white-collar crime are often long, complex and expensive (Stone, 1975, Hawkins, 1990). The penalties given to white-collar offenders tend to be lenient, 'as if judges share a similar view to the rest of society that fraud, or white-collar crime, is somehow different from all other acts of criminal activity and therefore deserving of different treatment' (Bosworth -Davies: 1987: 182). Also, white-collar offenders tend to be eloquent individuals with a fair amount of legal knowledge, which tends to add further to them 'getting off lightly' (Braithwaite, 1984; Bosworth-Davies, 1987):

The unfortunate reality with white-collar crime is that courts, and sometimes the public, tend to excuse it because the individuals involved are sincere and eloquent in justifying their behaviour. They are often excused because they are paragons of success, pillars of respectability who may be prominent in charity work or the church.(Braithwaite: 1984:6)

Indeed, studies suggest that white-collar offenders actively neutralise the criminality of their actions, helping them to justify their behaviour. According to Benson (1985: 595), those individuals who have been involved in the violation of financial trust often explain their behaviour as having occurred due to 'extraordinary circumstances' such as having fallen into debt. Other justifications made by white-collar offenders include that the crime has not harmed anyone, the crime was necessary in order to achieve certain economic goals and many other people do it (Coleman, 1994). Also, the crime was part of the job, the individual was only doing what s/he was told to do, s/he didn't know it was wrong, or that the individual is a victim of an unjust criminal justice system (Punch, 1996).

Reiss and Biderman (1980) use the term 'violation' rather than 'crime' when defining white-collar offences in order to include those instances of white-collar infractions which are investigated by regulatory authorities and which may not invoke criminal proceedings. Their definition is as follows:



White-collar law violations are those violations of law to which penalties are attached and that involve the use of a violator's position of significant power, influence or trust in the legitimate economic or political institutional order for the purpose of illegal gain, or to commit an illegal act for personal or organisational gain.

(Reiss & Biderman: 1980: 4)

The above definition will be used throughout this thesis. This definition is useful when discussing employer fraud against employees or the occupational crimes committed by employees themselves, since it incorporates notions of the abuse of trust or influence by a person who is in a position of power for personal or organisational gain. Walklate (1989: 104) pursues the theme of the abuse of trust when discussing white-collar violations, as she argues that the structural framework of capitalism evident in western democratic societies encourages corporations, employers and managers to maximise profits at the expense of the individuals who vest their trust in them. Shapiro (1990) also uses the notion of an abuse of trust when defining white-collar violations. Shapiro (1990) argues that a plethora of agent-principal relationships exist in western society, principals being individuals who 'for whatever reason or state of mind invest resources, authority or responsibility in an agent to act on their behalf for some uncertain future' (Shapiro: 1987: 625). Examples of agent-principal relationships include parents entrusting their young children with nannies and teachers; employers transferring custody of their property to clerks, secretaries etc. and workers entrusting their pension contributions with employers or investment managers. Opportunities for abuse can arise, largely due to the asymmetrical and unbalanced nature of agent-principal relationships. Agents hold information which cannot be easily accessed by principals, and principals often have little control over the selection or incentives of agents. Also, individual principals are very unlikely to have their demands heard by collective agents such as banks and pension funds since they have very little power in such large organisations (Shapiro, 1990). It seems that the notion of an abuse of trust lies at the core of employer fraud against employees, since it can be argued that employers are in positions of power over employees, and they might abuse their positions and engage in white-collar violations which may have



a detrimental impact upon their employees. In the case of the Maxwell scandal, for example, it seems that Robert Maxwell had access to the company pension scheme funds, and borrowed against their assets without repaying them. Moreover, whilst fraudulent employees can be sacked or demoted, there is little that employees can do to a fraudulent employer:

Where the employer engages in abuses, his staff have to organise strongly if their interests are affected, and may still find it hard to gain access to information essential to proof of misconduct and to resist selective or collective dismissal

(Clarke: 1990: 24)

The notion of an abuse of trust is also central to cases where employees commit infractions during the course of their occupations. Certain employees within an organisation may have access to particular information and systems which enable them to commit white-collar violations, which in turn can penalise the entire organisation. In the case of the Bank of Credit and Commerce International, for example, it seems that the actions of a minority of high-ranking employees who had the means to engage in a wide range of white-collar violations, including drugs money laundering and fraud, led to the entire organisation being labelled as corrupt and being closed down. As a result, thousands of deposit holders, employees and businesses were penalised (as will be illustrated later on in this thesis).

### 3.1.2 White-Collar Violations as ‘Hidden’.

Some researchers have suggested that victims of white-collar violations are often invisible, and do not consciously know that they have been victimised. Box (1983: 7) has suggested that ‘the majority of those suffering from corporate crime remain unaware of their victimisation’. Fattah (1986: 5) has proposed that ‘homicide, rape, robbery, assault, burglary have visible, identifiable victims. This is not always the case with corporate crime’. And most recently, Nelken (1994: 356) has stated ‘supplementing official statistics with victim reports is difficult because the victims are often unaware of their victimisation’. These comments suggest that unlike sexual and physical violence and property crime, where individuals often know that they have been victimised, white-collar violations may victimise individuals without them



knowing. White-collar violations may occur in a location far removed from an individual's physical residence. When and how do individuals become aware of their victimisation (if at all) ? For instance, Levi (1988) discovered that half of the sample of victims of fraud that he studied found out about the fraud through their own investigations, while the remainder received information from banks, trading standards, commercial contacts, or neighbours. An interesting theme to develop, therefore, is that of how do victims of violations such as financial deception, fraud or embezzlement find out that they have been deceived - via the media ? financial regulators ? friends and family ? And what does this tell us about white-collar victimisation ? This issue is rarely discussed, yet it is an important aspect of white-collar victimisation. This theme will be returned to later on in this thesis.

Partly due to the (perceived and actual) invisibility of white-collar victims, research examining victimisation has tended to focus upon street and property crime and sexual violence (Croall, 1992; Walklate & Mawby, 1994; Szockyj & Frank, 1996 ). The individual impact of white-collar violations has thus seldomly been addressed. The traditional focus of much work on white-collar violations has been upon their seriousness and diffuseness, and questions of regulation and control, rather than looking at the individuals directly victimised by these events (Nelken, 1994; Punch, 1996). For example, Braithwaite (1984) illustrated the extent and seriousness of crime occurring within the pharmaceutical industry, listing bribing local officials, using fraudulent tactics in testing drugs and using misleading advertising mechanisms in order to ensure that doctors prescribe certain drugs as instances of such law-breaking. Likewise, in a well-known study of health and safety law violation in the North Sea oil industry, Carson (1981) examined the interaction between enforcement agencies and employers and how they neutralised such violations, ensuring an unsafe working environment for workers. While Clinard and Yeager (1980: 6) examined 582 American companies over a period of two years and found that at least one sanction was imposed upon 371 of the firms by federal regulatory agencies.

Only recently, since the late 1980s and early 1990s, have more studies focused directly upon the victims of white-collar violations. Due to the ambiguities involved in researching white-collar violations, researchers have tried to specify various



categories of white-collar victim. According to Box (1983), victims can include competitors, the state, employees, consumers and the public. Shichor (1989) suggests that white-collar victims may be the government, the public-at-large, consumers, shareholders, employees, competitors, and business partners. Croall (1992) identifies victims as consumers, who might, for example, be overcharged for particular goods, or who might buy faulty goods and services; investors, who may be duped into investing their money into scams; employees, who might be injured or killed as a result of inattention of health and safety regulations; companies, whose workers might steal their assets; and the public in general, who are exposed to an unhealthy diet of toxic fumes and pollution. These categories of victim are not, however, mutually exclusive, since an individual may occupy more than one position. For example, a victim may be both an 'investor' and an 'employee'. In the case of the Bank of Credit and Commerce International, former employees who lost their jobs were not only 'employees' but were also 'investors' since many of them held assets at the bank. Individuals' identity as former employees and investors of the Bank of Credit and Commerce International was an important dimension to their victimisation (as will be illustrated in later chapters of this thesis). This suggests that the phrase 'white-collar victim' is flexible, and rigid categories may not capture the many dimensions to victims' experiences. A better way of approaching the conceptualisation of 'white-collar victim' may be to consider each separate case of white-collar violation individually and to identify the various positions and identities of the victims involved, rather than to create a general list of victim categories in advance which may not necessarily apply to individual cases. As will be illustrated in chapters six, seven and eight of this thesis, victim position or identity is important when considering the impact of white-collar violations, since the substance of victims' experiences is influenced by their positions as (former) employees/investors.

Research has documented the social, psychological and financial costs of white-collar violations (Sutherland, 1949; Box, 1983; Levi, 1987; Levi & Pithouse, 1988; Mokhiber, 1988; Moore & Mills, 1990; Snider, 1991; Pearce & Tombs, 1992; Grabosky & Sutton, 1993; Coleman, 1994; Grant, 1994; Shover et al. 1994; Shichor et al. 1995). Researchers seem to use their results largely to illustrate how the costs of



white-collar violations dwarf those of street crime and burglary. Unfortunately, in most of this work, the human impact of white-collar violations is lost.

### 3.1.3 Physical, Psychological and Financial Costs of White-Collar Violations.

I argue here that white-collar violations bring about physical, psychological and financial hardship. Criminologists have documented the cost to human lives as a result of health and safety law violations. For example, according to Pearce & Tombs (1992:86) over 18,000 people suffer major injuries from work-related incidents each year in the UK. Box (1983: 2) highlights data that shows that the combined number of employees dying from fatal accidents or occupational disease far exceeds the number of homicide cases recorded by the police. According to Health and Safety Commission statistics, 209 cases of fatal injuries at work were reported between 1995 and 1996, while an estimated 2.5 million individuals in Britain were suffering from an illness they believed was caused or made worse by their work (Health & Safety Commission: 1997: 4-7). Case studies of such incidents as Agent Orange, the Bhopal Disaster and the Dalkon Shield (Mokhiber, 1988; Grabosky & Sutton, 1993; Grant, 1994) further highlight the physical damage which white-collar violations wreaks, illustrating that such incidents are as harmful as, if not more harmful than, the damage caused to individuals by street crime and burglary. A few studies have documented the psychological and emotional sufferings encountered by victims of white-collar violations (Moore & Mills, 1990; Levi & Pithouse, 1992; Shover et al. 1994; Shichor et al. 1995). The general finding in these studies is that people feel shock, anger and fear as a result of white-collar violations. Shover et al. (1994) provide an account of the financial and psychological effects upon individuals who lost money due to the collapse of a small American loans company due to the fraudulent activity of its staff. Reactions such as shock, helplessness, and fear are documented. Shichor et al. (1995) also studied the effects of an investment scam upon investors who lost money, and they illustrate how anger, shock, horror and depression were among a number of emotional reactions portrayed by these individuals. According to a study by Levi & Pithouse (1992), victims of fraud may try to blame themselves for their victimisation, and they may feel that other people will consider them to be foolish due to being conned. However, they may try to negotiate their way out of this through reassuring



themselves that they have done everything that they possibly could to prevent the crime from occurring.

According to Box (1983: 31) the economic cost of fraud exceeds the costs of robbery, theft, larceny and autotheft by a factor of ten. Similarly, according to Levi (1987: 23), the amount of commercial fraud recorded by the Metropolitan and City Police Commercial Fraud department was four times the total cost of all other property crime in London in 1985. More recently, all the street crime in the US in one year has been estimated at around \$4 billion, less than 5% of the average taken from corporate crime (Snider: 1991: 209). And according to Coleman (1994: 1), the losses from the American savings and loan crisis will be greater than the total of all crimes reported to the police over the next thirty years. Levi (1988) has examined the financial impact of fraud upon victims, as well as victims' experiences with the criminal justice system. The overall financial impact on people (as opposed to commercial organisations) can be quite severe - at Cardiff Crown Court cases averaged £4,500 for fraud carried out by friends and family of the victim and £300 for fraud carried out by an outsider; at the Old Bailey cases losses averaged £11,500 (Levi: 1988: 7). Levi's (1988) findings also suggest that the majority of victims considered the police to have responded appropriately to their complaint and that the majority were satisfied with the advice that they received from police. However, half of those who appeared in court as witnesses found the experience difficult and uncomfortable (Levi: 1988: 7).

Studies have also attempted to examine whether white-collar violations generate mistrust towards social, political and economic institutions (Sutherland, 1949; Peters & Welch, 1980; Moore & Mills, 1990; Shover et al. 1994; Shichor et al. 1995). Sutherland (1949) suggested that the costs of white-collar crime dwarf those of street crime and burglary. This is because the violation of social trust which such crime brings about exceeds the costs of ordinary crime:

This financial loss from white-collar crime, great as it is, is less important than the damage to social relations. White-collar crimes violate trust and therefore create distrust; this



lowers social morale and produces social disorganisation. Many of the white-collar crimes attack the fundamental principles of the American institutions. Ordinary crimes, on the other hand, produce little effect on social institutions or social organisation.

(Sutherland: 1949: 13)

However, more recent studies reveal that white-collar violations have little, if any, effect upon victims' belief in political and financial institutions and their leading protagonists. For example, Peters & Welch (1980) found that charges of corruption had little effect upon voter turnout and election outcomes, and although Shichor et al. (1995: 12) document that emotions such as anger and shock are experienced by victims of white-collar violations, they nonetheless acknowledge that:

Our survey indicates strong personal distress among the victims, but there is no pressing of their laments to a larger stage, that is, to expressions of malaise with the society in general, the economic system, or cynicism about human nature (Shichor et al. 1995: 17).

#### 3.1.4 Summary.

The literature above documenting the emotional, psychological and financial costs of white-collar violations suggests that the impact of these can be quite severe. Despite these studies, many questions regarding white-collar victimisation remain. The last chapter illustrates that we have a considerable amount of information about victimisation by physical and sexual violence and property crime, but we do not have a similar amount of knowledge with respect to white-collar violations. Thus, while research suggests that shock, fear, self-blame and anger is experienced by victims of white-collar violations (Moore & Mills, 1990; Levi & Pithouse, 1992; Shover et al. 1994; Shichor et al. 1995), this constitutes only a handful of studies and so we need more research to elaborate on these issues. We do not know whether other psychological, emotional, physical and financial costs documented by researchers looking at physical and sexual violence and property crime are also relevant to white-collar violations. For instance, similar to Levi & Pithouse's (1992) study, do victims of white-collar violations exhibit self-blame for their predicament? If so, then what



are the sources and reasons for this ? What is the duration of white-collar victimisation and what impact does this have on victims ? Do victims of white-collar violations exhibit a behavioural response to their victimisation ? As chapter two illustrates, victims of physical and sexual violence and property crime may change their behaviour in the aftermath of the crimes committed against them in order to try to reduce their likelihood of becoming repeat victims. Can a similar behavioural response be observed in victims of white-collar violations ? Furthermore, do victims' positions as 'employees' or 'investors' influence the substance of the experience of their victimisation in any way ? Questions such as these remain to be addressed by research and are important in developing an understanding of white-collar victimisation. The chapters which follow will attempt to address some of the questions generated here.

### 3.1.5 Documenting Risk from White-Collar Violations and Victim Lifestyles and Demographics.

Victim surveys have been specially developed in order to uncover forms of victimisation not picked up by national crime statistics, and to identify groups within the general population who are particularly susceptible to being victimised and exploring their lifestyles and demographics (Sparks et al. 1977; Hough & Mayhew, 1983; Bottoms et al. 1987). As illustrated in chapter one, some studies suggest that people belonging to particular ethnic groups experience higher rates of victimisation in the case of crimes such as burglary, theft, assault and robbery (Mayhew et al. 1989; Fitzgerald & Hale, 1996), while unemployed people are also over-represented in victimisation statistics (Braithwaite & Biles, 1984; The Canadian Urban Victimization survey, 1984; Garofalo: 1986: 141). Crime surveys also suggest that lower income groups are more likely than others to suffer a personal violent victimisation - including sexual assault, robbery or assault (Fattah, 1989).

However, victim surveys have tended to exclude white-collar violations (Mawby & Walklate, 1994; Titus, Heinzelmann & Boyle, 1995). For instance, the US National Crime Survey places emphasis upon sexual crimes and on secondary victimisation, which examines how victims experience the criminal justice system after reporting a crime. Although the British Crime Survey includes a wider range of



crimes than the National Crime Survey, street crime and burglary tend to be the predominant focus of attention (Mawby & Walklate, 1994). This means that little is known about the spatial distribution of white-collar victimisation, and the demographic features and lifestyles of white-collar victims.

Taking a look at the demographic features of white-collar victims, the small amount of research carried out here suggests that unlike street crime, white-collar crime does not necessarily disproportionately victimise the poor and marginalised (Walsh & Schram, 1980; Titus et al. 1995). Moreover, one study by Titus et al (1995) found that variables associated with victimisation by street crime - area of residence, class or status, marital status, race or gender - did not appear to be very relevant to victimisation by personal fraud. The only two demographic factors significantly associated with victimisation were that of age and education. Age was negatively associated with likelihood of victimisation, that is, older people were less likely to be victimised (Titus et al. 1995). This reflects findings from victim surveys which reveal that older persons are less likely to be victimised by street and property crime than young people (National Crime Survey Data, 1994: 24). A suggested reason why this may be the case is that young people may be more receptive to promises of monetary gain in cases of fraud than older people (Titus et al. 1995). Looking at education, those with a better education were victimised more often (Titus et al. 1995). The reasons for this are unclear, although Titus et al. (1995) suggest that a reason why education does not seem to protect a person from being defrauded is that an individual may mistakenly believe that their education may give them a greater ability to cope with con artists, thereby actually making them think that the investments that they undertake are genuine (when in fact they may not be).

Variables such as area of residence, class, race or gender may not be significant when analysing risk from white-collar victimisation because the location and distribution of white-collar violations may be quite different from that of street and property offences. Variables influencing risk of victimisation from street and property crime are generally associated with individuals' lifestyles and routine activities (Mawby & Walklate, 1994; Laub, 1997). However, the applicability to white-collar violations of those aspects of lifestyle and routine activities currently



identified within the literature is questionable. For example, alcohol consumption has been linked to increased risk of victimisation by street crime (Lasley and Rosenbaum, 1988). However, this may have little significance when looking at risk from white-collar violations. Increased risk from victimisation by street and property crime has also been associated with the time spent outside the home (Hindelang et al. 1978), however, this may also not be relevant to white-collar violations, as activities which are carried out inside the home (e.g. answering the telephone, surfing the Internet) may lead to a person being victimised. It seems that the location of an offence and the interaction between victim and offender may be quite different for white-collar violations than that for street and property crime. This means that factors which might increase risk of victimisation by street and property crime may not be relevant to white-collar violations. Poor council estates and multiracial urban areas contain the highest rates of victimisation by street and property crime (Crawford et al. 1990; Jones et al. 1986). However, this relationship may not be found with white-collar violations, since white-collar violations can straddle many different geographical locations because offenders can make use of communications media (the telephone, mailing system, Internet). White-collar violations can adversely affect large numbers of people living at different locations across the globe. New technology has enabled social experience to be increasingly penetrated by occurrences which lie outside the geographical location of the individuals concerned (Giddens, 1991). This means that a white-collar violation can be committed outside of the geographical location of the victims, and can be carried out simultaneously on persons from a variety of geographical and social locations (Titus et al. 1995). Multi-national companies market their goods and services at a wide variety of different countries, so that in the case of a dangerous product this may harm large numbers of people across the world. For example, in the case of thalidomide, information which revealed that the chemical was dangerous was suppressed by the company producing this, causing thousands of children around the world to be born with disabilities (Walklate, 1989). Moreover, unsafe products can be dumped in poor countries whose regulations are less stringent than in those of the industrialised countries, resulting in large-scale victimisation. For instance, the Dalkon Shield continued to be marketed in less developed countries, despite there being overwhelming evidence in the US that it had dangerous side effects upon those women who used it. Similarly, birth control pills with high levels



of oestrogen were sold to poor countries, even though the bad publicity which these contraceptives received made them unsaleable in the western world (Coleman, 1994). This discussion illustrates how the spatial distribution of white-collar victimisation can be on an international as well as a national level, victimising thousands of people. It is therefore important to consider the scale and spatial distribution of victimisation caused by white-collar violations.

Victims of white-collar violations may share some common features of their social experience. For example, victims of a financial crime may be 'investors' since they have invested their money in a financial product or institution. 'Investment' may therefore be part of their lifestyle, regardless of whether this is a conscious or unconscious undertaking. Therefore, processes occurring within the financial sector which have an impact upon investment and the experiences of investors may affect the victims of a financial crime, particularly when those processes impact upon their victimisation. Similarly, victims may all be former 'employees' of a multi-national organisation (as in the case of Maxwell and the Bank of Credit and Commerce International), and so the processes occurring in their (former) work lives may be shared by them and may be of importance when considering the impact of the white-collar violations. Moreover, where an organisation is labelled as being corrupt, former employees may also be labelled as such, thereby adversely affecting their lives. Another experience that victims may share is that of their relationship to the offender. For example, a white-collar violation may be committed by an employer against his/her employees; similarly, an offence may be committed by a pension fund manager against current and future pensioners of that scheme. The victims in these cases, therefore, share a similar relationship with their offender. Analysing any power relationships between the offender and victim and any interaction between them may therefore be important (Shichor, 1989). This discussion highlights how individuals may share some common features of their social experience regardless of their geographical location. The discussion also suggests that it is important to take into account processes (global as well as local) which contribute to the construction of individuals' victimisation (Mawby and Walklate, 1994).



It seems that when examining victimisation by white-collar violations, lifestyle and routine activities models need to be re-defined. As the above discussions illustrate, victimisation has been conceptualised predominantly via street and property crime. This means that when looking at white-collar violations, the lifestyle and routine activities models need to be re-examined and, where appropriate, adapted in order to incorporate other forms of victimisation which do not conform to street or property crime. It appears that further work is necessary in order to establish factors which may be associated with high levels of victimisation by white-collar violations and possible lifestyle activities which may account for these factors. The routine activities model also suggests that crime takes place in the absence of a capable guardian (Cohen & Felson, 1979). With respect to financial crime, regulatory agencies constitute guardians, since agencies such as the Financial Services Authority aim to regulate the financial industry in order to prevent (or punish) deviant behaviour which may have an adverse impact upon the financial system and its investors. However, the regulatory agencies themselves may be inappropriate guardians, since they are far removed from individual transactions, and therefore may not be able to prevent any misdemeanours until harm has occurred. The large array of financial scandals which have occurred over the last twenty years (the Guinness affair, Blue Arrow, Lloyd's, Maxwell, Barings and Morgan Grenfell) suggests that this is the case. Hence regulatory authorities may make poor guardians. This suggests that where there are motivated offenders and suitable targets, financial crime is likely to occur since there is likely to be the presence of an incapable guardian. As such, investors are unlikely to have adequate protection and future scandals are likely to arise.

### 3.1.6 Media Reportage and White-Collar Victimisation.

The media have shown increasing awareness towards white-collar violations under a climate of muck-raking in parts of the British press, together with expose journalism (Levi, 1987). Levi (1987) suggests that a larger number of reporters than Serious Fraud Office staff and police were involved in investigating the Maxwell scandal, illustrating the degree of seriousness attributed to this offence by the media. Financial scandal generally receives less attention than the reportage of street crime. It is perhaps more time-consuming to write about and newspapers may be more prone to may be receiving libel actions than more conventional types of crime. Unlike street



crime and burglary, the reportage of white-collar violations is usually placed in the economics and financial pages, implying that reporters view white-collar violations as being of interest to business people and professionals, together with individuals who have sufficient monetary funds available to them to invest (Stephenson-Burton, 1995). The media take a lively interest in so-called 'elite offenders' (Levi: 1987: 239) such as Robert Maxwell, Ernest Saunders of the Guinness affair and Tony Williams, accountant to the Metropolitan Police Force - celebrity status being a key subject of interest. Similarly, elite institutions such as Lloyd's, the Daiwa Bank and Barings are also keenly observed by journalists, with news stories often spanning the length of court cases, which could involve a number of years. Content analysis of broadsheet and local newspapers reveals that white-collar violations are big news, questioning those criminological perspectives which regard the media to be under hegemonic control, reporting only the crimes of the less powerful classes (Levi & Pithouse, 1992). Recent scandals to hit the press include the mis-selling of pensions and insurance policies, and major financial scandals such as the collapse of the Bank of Credit and Commerce International, Barings and the Maxwell empire. The sale of home income plans to elderly people in the late 1980s, which encouraged people to mortgage their homes and invest the proceeds in investment bonds, left many pensioners with decreasing investments and mortgage repayments they were unable to meet. This scandal provided the press with an ideal type victim - someone vulnerable and blameless, together with an identifiable enemy - the unscrupulous financial adviser, and hence numerous reports were printed under headlines such as 'Home Income Victims Fight On' (The Guardian 27th May 1995) and 'Insurance Salesmen Under Fire' (The Guardian 10th June 1995). Despite the denials made by insurance companies, banks and building societies regarding their blameworthiness, the public outcry over the sale of these income plans subsequently led to victims being compensated by the financial institutions. Another scandal to have clearly identifiable victims and abusers was that pertaining to the ill-advice of financial advisers regarding pension plans, where individuals were encouraged to leave their company pension schemes and take on private schemes, resulting in a substantial financial loss. Again legislation addressed the abuses introduced by these schemes. However, although white-collar violations can generate media interest, which may highlight victims' plight to wider society, there is no evidence that the work of agencies which



support victims (such as Victim Support, for example) has altered to attract the victims of such white-collar events. It seems that support services are targeted predominantly towards victims of street crime and domestic violence.

### **3.2 Political/Legal/Social Responses to Victims of White-Collar Violations.**

#### **3.2.1 The Ambiguous Status that 'Victims' of 'White-Collar Crime' Occupy.**

As the last chapter illustrated, increasing attention has been paid to victims of crime in the UK over the last three decades (Walklate, 1989; Mawby & Walklate, 1994; Zedner, 1994). The focus has been primarily on victims' needs with respect to the criminal justice system (Maguire, 1982; Kelly, 1982; Shapland et al. 1985), and legislation has designed responses to address some of the problems victims face. Many authors have observed, however, that victims of white-collar violations are largely absent from debates on how to minimise the detrimental impact of victimisation (Croall, 1992; Nelken, 1992; Mawby & Walklate, 1994). It seems that support offered to victims of physical and sexual violence and property crime somehow misses many individuals who have been victims of white-collar violations. As discussed in the previous chapter, this may be because many of these 'victims' are not identified as 'victims'. Certain instances of white-collar violations may not be defined as being criminal within legal, political or social arenas and those individuals who have been victimised may not be viewed as 'proper victims of crime' (Nelken, 1994). Victims of white-collar violations may thus be viewed with ambivalence and arouse little, if any, sympathy from wider society (Walsh & Schram, 1980).

#### **3.2.2 White-Collar Victims' Experiences with Criminal Justice Agencies and/or Regulatory Authorities.**

The impact of criminal justice and regulatory responses to white-collar victims' plight is largely unknown. While literature on white-collar crime might portray victims as individuals who do not know that they have been victimised (Croall, 1992) and as individuals who may not have much contact with the criminal justice system or regulatory authorities (Mawby & Walklate, 1994), this may not necessarily be the case. As Levi & Pithouse (1992) observe, this is a generalisation which does not apply to all instances of white-collar violations. In a significant proportion of cases, victims of white-collar violations have some contact with



agencies of the criminal justice system, as well as various regulatory bodies. For example, victims of fraud may notify the police that this crime has been committed against them, and they may appear in court as witnesses (Levi & Pithouse, 1992). Victims may also be involved in civil court cases, when claiming compensation for damages which have been incurred. In the case of health and safety law violations, victims may be in contact with the health and safety officers who are investigating their cases (Spalek, 1994). Other regulatory bodies that victims may be in touch with include financial regulatory authorities such as the Personal Investment Authority or the Financial Services Authority. Corporations also are active in pursuing people who offend against them through the criminal justice system, and are indeed more likely to report crimes to the police than individual victims. According to Hagan's (1988) study, corporate actors (who may be victims of a wide range of crimes, including white-collar violations) outnumber individuals as victims in the criminal justice system, corporate actors are more likely to get convictions, and are more satisfied with the criminal justice system than individuals. Anglo-American law obscures these structural inequalities due to the importance it attaches to individuals and individual rights. This means that even though corporations play a large role in the criminal justice system, criminal justice research has overlooked this and accepted the 'myth of individualism' (Hagan: 1988: 61). This illustrates how victims of white-collar violations may be in contact with, or be linked to the operations of, a plethora of criminal and civil bodies. It seems important to consider, therefore, the interactions that take place between victims and these various agencies, and the impact that criminal justice or regulatory intervention has on the experience of white-collar victimisation.

Some studies have found that cultural imagery of women influences the experiences that female victims of white-collar violations have of legal processes. In a study of the corporate victimisation of women, Szockyj & Frank (1996) suggest that women are particularly affected by cultural ideology, since a Madonna/whore duality has left its historical legacy. Depending upon which category a woman is placed, has significant effects upon the way she is treated by state agencies of control. For example, in cases of employment discrimination, attention is placed upon the credibility of the woman. Similarly, in the case of silicone breast implants, the



respectability of a woman can affect the outcome of a case. Thus, a topless dancer who became ill after having a silicone implant lost her case, and a research study suggests that this was due partly due to her profession:

In civil cases dealing with silicone breast implants, the Dalkon Shield, DES, and sexual harassment, the character, sexual practices, and lifestyle of female plaintiffs have been probed and judged. (Szockyj & Frank: 1996: 10)

This suggests that certain individuals may be judged to be illegitimate victims of white-collar violations as a result of the lifestyles that they lead. Links can be made here with research on victims of physical and sexual violence, which has found that victims' experiences of the criminal justice system can be affected by judgements made about their characteristics and lifestyles (Mawby & Walklate, 1994; Lees, 1997). With respect to white-collar victimisation, criminal justice and regulatory processes constitute part of the material conditions within which victims act and experience their victimisation. It seems important, therefore, to document these processes and their impact upon individuals' victimisation. Indeed, this is a theme developed later on in this thesis since the regulatory response to the Maxwell and the Bank of Credit and Commerce International case studies will be examined and its impact upon the experiences of the individuals caught up in both these scandals explored.

### 3.2.3 White-Collar Victim Support/Pressure Groups.

Due to the lack of emotional and practical support provided to victims of white-collar violations, individuals may organise their own victim support groups. Support groups may also function as pressure groups in that the individuals belonging to them may try to gain political and legal recognition and they may try to gain some form of financial compensation for their plight. For instance, in the area of health and safety, support groups have been formed by people whose relatives have died at work as a result of health and safety law violations. The groups highlight cases whereby the company directors have been treated leniently by the ensuing legal process, arguing that employers who violate health and safety laws should be charged with manslaughter if an employee is subsequently killed (Spalek, 1994). These victim



support groups may have links with organisations such as the Construction Safety Campaign, the London Hazards Centre and the Birmingham Health and Safety Advice Centre which attempt to improve the conditions within which people work. Similarly, individuals who have worked for corrupt employers or for organisations labelled as corrupt, such as in the case of Maxwell and the Bank of Credit and Commerce International, have also formed their own support groups and financed these themselves. Individuals' legal and political struggles will be highlighted further on in this thesis when the Maxwell and the Bank of Credit and Commerce International case studies will be examined.

### **3.3 Conclusion.**

This chapter has examined the area of 'white-collar crime' in order to pose some interesting questions regarding how white-collar victimisation might be explored. Issues such as the impact and distribution of white-collar victimisation, together with victims' experiences of criminal justice and regulatory processes seem to be particularly important. The chapters which follow examine the impact of the theft of pension fund assets by Robert Maxwell scandal and the closure of the Bank of Credit and Commerce International upon individuals who were caught up in these events, in order to attempt to address some of the issues and questions highlighted in this chapter. Empirical work will be presented and analysed in order to help increase our understanding of white-collar victimisation.



## **Chapter 4: The Case Studies.**

### **4 Introduction.**

The two cases which I chose to examine were the plundering of pension funds by Robert Maxwell and the closure of the Bank of Credit and Commerce International. This chapter will explain why these two cases were targeted for analysis, as well as set out the events which occurred.

#### **4.1 The Cases Studied.**

The two cases were chosen for a number of reasons. Both cases contained ‘victims’ of ‘white-collar crime’ who were highly visible, including former Maxwell employees, deposit holders and local authorities who had placed money at the Bank of Credit and Commerce International, and former employees of this bank. I therefore assumed that there would be a large pool from which to find ‘victims’ who would be willing to talk to me. Both cases also contained the scenario whereby the fraudulent actions being carried out within an organisation led to a series of detrimental consequences and impacts upon the (former) employees. With respect to the Maxwell case study, Robert Maxwell defrauded the pension schemes of his (former) employees. In the case of the Bank of Credit and Commerce International, high-ranking officials at the bank engaged in fraud and drugs money laundering (Passas, 1996), and the bank was subsequently closed down by the Bank of England, which maintained that it was shut down due to corruption (Bingham Report, 1992). The consequences of working for a fraudulent employer has seldomly been addressed by criminologists, as victimisation has predominantly been studied in relation to physical and sexual violence and property crime. Through focusing upon two studies where white-collar violations occurred at work it was considered that this would yield information about a rarely studied form of victimisation. Both cases also attracted publicity and public concern. In the two cases the media reported extensively on the occurrences that had happened and there was speculation over the disappearance of Robert Maxwell, and over the Bank of Credit and Commerce International’s links with terrorist organisations and drugs barons. Indeed, the word ‘scandal’ may have been coined to be used for each of these events ! ‘Scandal’ has been defined as ‘any



event that lets the cat out of the bag and provides material for interesting gossip' (Wilson: 1986: 1).

The following sections will now outline the series of events which led to the Maxwell and the Bank of Credit and Commerce International scandals.

#### **4.2 Robert Maxwell.**

Robert Maxwell began in business after World War Two by publishing scientific journals and papers. His first company, Pergamon Press, was floated on the stock exchange and rapidly grew (The Times November 6th 1991). Maxwell spent the next forty years building up a business empire, which consisted of both public and private companies. He ruled with an iron rod and expected his orders to be carried out. However, through his obsession to expand, Robert Maxwell made some wrong decisions and lost money, and began using the pension fund money of the companies belonging to his empire to try and bail himself out of debt. The pilfering of the pension schemes began in spring 1991. Bishopsgate Investment Management (BIM) was a company owned by Maxwell which managed the pension funds of Maxwell companies. During spring 1991 three of BIM's directors signed over a portfolio of shares belonging to the pension funds, worth £430 million, to be loaned to two of Maxwell's private companies. This practice is not illegal as such, as long as the borrowed assets are returned to the pension funds. However, these shares were never returned to the pension schemes, nor money to the value of the shares. Robert Maxwell used these shares as collateral to obtain loans, and as his need for money grew he then sold off the rest of the shares, creating huge deficits in the pension funds. The money raised was used to pay off personal loans and also to buy up shares in Maxwell's public companies, namely Maxwell Communications Corporation (MCC) and Maxwell General Newspapers (MGN). The shares in the public companies were then used as collateral for even more loans. These further loans were then used by Maxwell to inject money into his loss-making companies, or to buy up even more public company shares (Bower, 1994).

During the summer of 1991, the share prices of MGN and MCC started to fall, and as a result of this, Maxwell's relationship with his bankers became strained.



Finally, banks became so suspicious of Maxwell's inability to repay his loans that they began selling the MCC shares which they had kept as collateral for loans. A key bank involved with Maxwell was Goldman Sachs, which sold 2.2 million shares on October 31st. This action sent shock waves across the stock exchange, leading to a dramatic fall in the share price of MCC as other banks followed suit (Bower, 1994). Maxwell's empire eventually collapsed, since the level of debts which it had acquired could no longer be sustained. The end result was that £458 million went missing from the private side pension funds and more than £1.6 billion had disappeared from the public companies MCC and MGN, affecting 32,000 (former) employees who were already claiming their pension money or would do so in the future (Maxwell Pensioners Newsletter, 1992; Strickland & Edwards, 1992). Robert Maxwell disappeared off his yacht the Lady Ghislaine on November 5th 1991, leaving the large losses above unaccounted for (Bower, 1994).

In the wake of the scandal, the government put together a Maxwell Pensioners' Trust, headed by Sir John Cuckney. £2.5 million was placed into this by the government to pay pensioners while more funds were being found. Although pensioners received a sum of money each month, they nonetheless had to live in uncertainty, not knowing if their pensions would continue to be paid or not (Maxwell Pensioners' Newsletter, 1992; The Times October 17th 1992). Also, employees who weren't yet retired did not know whether or not they would be entitled to a future pension from their Maxwell-run pension schemes. Between 1993-1995, talks took place between Sir John Cuckney and the institutions which were alleged to have assisted in the disappearance of pension scheme assets. On 10th February 1995 an agreement was reached, whereby £276m was paid into the pension schemes by the institutions. This, alongside other monies, would fill the blackhole left by Robert Maxwell (Financial Times 11th February 1995).

Robert Maxwell's son Kevin was charged with conspiring with his late father to defraud the trustees and beneficiaries of funds managed by Bishopsgate Investment Management. Kevin was also jointly charged with his brother Ian, Larry



Trachtenburg, an adviser to Robert Maxwell, and other directors in Maxwell's empire for conspiring to defraud BIM's trustees and beneficiaries by using £22m of shares as collateral for Maxwell company loans (The Guardian June 16th 1995). The trial began on May 31st 1995 and lasted 131 days. All the defendants were acquitted on 19th January 1996. The trial cost £30m and is likely to be the most expensive criminal prosecution for which the taxpayer has to pay. Kevin and Ian Maxwell, and Larry Trachtenburg were awarded legal aid (The Times January 20th 1996). The Serious Fraud Office planned to bring further charges of fraud against Kevin and Ian Maxwell and other former Maxwell directors, but on September 19th 1996 a High Court Judge ruled that they should not face a second trial.

### **4.3 The Bank of Credit and Commerce International.**

Agha Abedi was the founder of the Bank of Credit and Commerce International. His banking career began in 1946 when he joined the Habib Bank, the largest Muslim bank of India. In 1959 Abedi set up his own bank, United Bank Limited, which within a few years became the second largest private sector bank in Pakistan. It was during this time that Abedi first met the Sheikh of Abu Dhabi, who was to contribute a substantial amount of money to setting up the Bank of Credit and Commerce. Abedi registered the Bank of Credit and Commerce International in Luxembourg on September 21st, 1972. This was because he feared that the socialist government of Pakistan, which was set up by Zulkifar Bhutto in 1971, would mean an end to private sector banking in Pakistan (Kochan & Whittington, 1991).

Abedi wanted to bring an Asian bank to the western world. He made many powerful contacts, and this in turn helped him to expand the Bank of Credit and Commerce International, with branches opening up in the United States, China, Latin American countries, Africa, Asia, Europe and North America (Gauhar, 1995). The bank grew at a rapid rate. At its height, there were 400 branches of the bank in 73 different countries, containing 11.3 million depositors. The Bank of Credit and Commerce International also employed people from all over the world, taking on 11,000 staff members of 87 different nationalities (Gauhar: 1995: 12).



#### 4.3.1 The Structure of the Bank of Credit and Commerce International.

Whilst conducting the business of banking much like any other bank, the Bank of Credit and Commerce International nonetheless developed its own distinct identity with its own particular philosophy. Mr Abedi tried to run the bank along the ethic of removing the dichotomy between money and morality. He decided that staff members should donate two and a half percent of their salaries to a charity of their choosing, and so was able to support and develop many charitable institutions around the world. For example, the ICIC Foundation was organised due to donations from the Bank of Credit and Commerce International's employees to pay for the medical treatment of the poor. Mr Abedi also established the Third World prize, which was to be the equivalent of the Nobel Prize, but aimed at developing countries (Gauhar, 1995). The Bank of Credit and Commerce International conferences had a large spiritual component to them, where bankers would speak about the spirit of the bank, and Mr Abedi would move his audience to tears (Gauhar, 1995).

#### 4.3.2 The Closure of the Bank of Credit and Commerce International.

On July 5th 1991 the Bank of England shut down the Bank of Credit and Commerce International and put it in the control of Touche Ross, the liquidator. According to the Bank of England, this bank was closed down due to extensive frauds being carried out there and because of its association with drugs money laundering. Branches across the United Kingdom were closed, deposits were frozen, and an end to all other facilities such as the provision of letters of credit and overdrafts was brought about. Until this point, staff members and customers were led to believe that a rescue package had been negotiated and that therefore the Bank of Credit and Commerce International would remain operational, so its subsequent closure caused much confusion and wrought havoc upon businesses reliant upon the facilities and deposits held there. Over 120,000 depositors were affected, holding accounts worth approximately \$404m (Adams & Frantz: 1992: 295). Debate was raging over whether the Bank of Credit and Commerce International should have been closed sooner than it was, or whether it should not have been closed at all. The government, security and intelligence sources and the media all took the former opinion, whilst former employees and customers of the bank uphold the latter. The angry response from people who lost money at the bank prompted the government to set up an independent



private enquiry led by Lord Justice Bingham 'to enquire into the supervision of the Bank of Credit and Commerce International under the Banking Acts; to consider whether the action taken by all the UK authorities was appropriate and timely, and to make recommendations'. This report concluded that the Bank of England relied for too long upon the role of Luxembourg as primary supervisor, long after it had ceased to reflect economic reality. The Bank of England should have been more alert towards the criticisms levelled at the bank's rapid expansion and methods of banking, criticisms which were evident over the decade before the closure of the bank, and so it should have intervened at a sooner date. Furthermore, communication between banking supervisors, auditors and shareholders was criticised (Bingham Report, 1992).

#### 4.3.3 Losses made at the Bank of Credit and Commerce International.

The Bank of Credit and Commerce International had incurred a substantial amount of losses. As a result, a minority of bankers tried to cover these up through false accounting and deception over a considerable number of years. The losses which the Bank of Credit and Commerce International made are a result of three main factors - bad debts, trading losses and rapid expansion. Taking firstly the bad debt factor, it appears that certain large-scale loans were made which subsequently were not re-paid to the bank. For example, loans were made out to the Gokal brothers who were one of the bank's largest customers, they owned businesses in trade and shipping. Despite an initially booming business, their empire made losses through diversification and futures and commodity trading, forcing the brothers to borrow more and more funds from the Bank of Credit and Commerce International. Unfortunately these funds were never paid back and amount to billions of dollars - according to Price Waterhouse, auditors to the Bank of Credit and Commerce International, over the fifteen years of banking with this bank, the Gokal brothers had 750 accounts, with a total turnover of \$15 billion (Kochan & Whittington: 1992: 47).

Trading losses were incurred at the Bank of Credit and Commerce International and again certain bank officials tried to hide these - secret accounts were created within the treasury department which hid the trading losses away from the auditors (Kochan & Whittington, 1991). Finally, the rate of expansion at the bank



contributed to the losses made since this made control and regulation difficult to maintain. Mr Abedi did not believe in having an overall budget since he believed that this would restrict expansion, which was occurring at a phenomenal rate, its assets increasing in seven years from \$2.2 billion in 1977 to \$16 billion in 1984 (Kochan & Whittington: 1992: 132).

#### 4.3.4 The Bank of Credit and Commerce International's links with Drugs Money Laundering and Terrorist Organisations.

The Bank of Credit and Commerce International opened a branch in Panama in 1980, not long before General Noriega came to power. Noriega encouraged drugs money laundering and allowed over half a billion dollars of drugs money to pass through the Panamanian banking system each year, taking a substantial cut from this for himself (Kochan & Whittington, 1991). Noriega exerted his influence and had the first branch manager at the Bank of Credit and Commerce International removed since he was not being sufficiently compliant with Noriega's requests to extort money. The second branch manager to be appointed in Panama told his deputy that they would take in large amounts of cash and not question its sources. Large amounts of drugs money was thus filtered through the Bank of Credit and Commerce International in Panama. Many individual investors were introduced to the bank, including Pablo Escobar, a leading member of a large drugs cartel. US customs mounted an undercover operation aimed at uncovering the banks which allowed criminal organisations to launder their money. Operation C-Chase took place between 1986 and 1988, which involved American agents posing as drugs money launderers and finding banks which would launder their money. The manager at the Panama branch devised a system of laundering large amounts of money, unknowingly taking in money from these US agents and transferring it around different Bank of Credit and Commerce International branches around the world. UK Customs assisted the undercover operation in London, where an agent would deposit money at the Bank of Credit and Commerce International and all meetings were filmed on video. Once enough information was collected regarding the origins of the drugs, the paths it took into the US, the men involved in laundering money and the banks which took their money, US Customs arrested the people involved. The Bank of Credit and Commerce



International as an institution was charged, together with nine of its officials (Kochan & Whittington, 1991).

Following the closure of the bank, up to three thousand legal actions took place (The Financial Times October 12th 1996). The first criminal conviction was secured in Britain by the Serious Fraud Office (SFO), when Mr Syed Ali Akbar, the former head of the bank's Treasury division, admitted sixteen charges of false accounting involving more than £484m of depositors' misused money. Mr Akbar was sentenced to six years' imprisonment (Financial Times September 28th 1993), eventually spending only fourteen months altogether in prison (The Financial Times October 31st 1996). Mr Swaleh Naqvi, former chief executive of the Bank of Credit and Commerce International, was sentenced in the Old Bailey on October 19th 1994. He was given eleven years three months' imprisonment and ordered to pay £161.6m restitution for fraud and conspiracy (The Financial Times October 20th 1994). Thirteen former executives, including Mr Abedi, were convicted in 1994 on charges of fraud, misappropriation and criminal breach of trust. In total, they were ordered to pay back £6bn in civil damages to majority shareholders, and given sixty-one years' imprisonment between them (The Financial Times June 10th 1996). Mr Abedi was absent from the proceedings as he was ill and in Pakistan. Pakistan refused to allow him to be extradited to face trial in the US and imprisonment in the United Emirates. Mr Abedi died in August 1995 (The Financial Times August 7th 1995). Most recently, Mr Abbas Gokal, who siphoned £750m from the Bank of Credit and Commerce International through a maze of offshore companies, was sentenced to prison for fourteen years in the UK. His sentence is considered to be the steepest of its kind given by the British criminal justice system (The Times May 9th 1997). The last trial in Britain with respect to a bank employee was that of accountant Abdul Chiragh, who was found guilty of fraud (The Guardian November 20th 1997).

The liquidator of the Bank of Credit and Commerce International pursued a series of legal actions on behalf of creditors. These included claims against the bank's auditors, Price Waterhouse, and regulators such as the Bank of England (The Financial Times December 9th 1996). In May 1996, the High Court ruled that the Bank of England could not be held liable for 'misfeasance' (conduct worse than



negligent) in carrying out its duties as a regulator, and that the Bank could not have caused the losses of depositors (The Financial Times May 11th 1996). Former employees asked the Court of Appeal to recognise that they could claim compensation because the bank's reputation had prevented them from gaining employment. However, the Court rejected this claim (The Financial Times March 10th 1995). Depositors received money from the Depositor's Protection Fund, but had to wait five years for the first payout from the liquidator (The Guardian December 11th 1996). So far, creditors have received forty-six per cent of their investments. However, the Depositor's Protection Association argues that it will continue pursuing legal action until seventy-five per cent is paid (Financial Times June 25th 1998). Funds continue to be chased by the liquidator on behalf of the creditors.

#### **4.4 Conclusion.**

This short chapter has introduced the reader to the two case studies focused upon in this research project. The following chapter will now outline the research methods adopted.



## **Chapter 5: Methodology: the process of carrying out a research project about 'white-collar victimisation'.**

### **5 Introduction.**

The previous chapter presented background information about the Maxwell and the Bank of Credit and Commerce International case studies. This chapter aims to provide an account of how the research project was carried out - the research methods used and the process of analysis.

The initial aims of this project were broad - to explore the human substance of victimisation by 'white-collar crime'. As mentioned in chapter two, research on impacts and forms of victimisation has tended to focus upon examining the effects of physical and sexual violence and property crime on individuals. This project therefore aimed to provide results on a rarely studied form of victimisation. I decided to examine two case studies: the theft of pension fund money from Maxwell-run pension schemes, and the closure of the Bank of Credit and Commerce International. Both these cases contained victims of 'white-collar crime' - employees of Robert Maxwell's business empire whose pension money was plundered and depositors and employees of the Bank of Credit and Commerce International. However, I encountered a number of practical and conceptual problems whilst engaging in this piece of research which took many months to resolve, and these illustrate that research in the area of victimisation by 'white-collar crime' can be difficult.

#### **5.1 Qualitative versus Quantitative Methods.**

As illustrated in chapters one and two, researchers have examined victimisation from a variety of theoretical perspectives, using a range of different research methods. For example, police records have been used to study victims' culpability (Wolfgang, 1958; Amir, 1971), national and local crime surveys have been conducted and risk of victimisation according to race, gender, age and socio-economic status analysed (Kinsey, 1984; Jones et al. 1986; Mayhew et al. 1993; Mirrlees-Black et al. 1997), and victims have been interviewed in order to document the substance of their experiences (Dobash & Dobash, 1979; Maguire, 1982; Hall, 1985; Shapland et al. 1985; Kelly, 1988; Stanko & Hobdell, 1993; Indermaur, 1995). With respect to



this particular research project, I considered each of these approaches when deciding upon which strategy to adopt. I decided that the predominant method of research would be qualitative and consist of semi-structured interviewing. I considered this to be a valid approach to documenting victims' experiences with respect to the Maxwell and the Bank of Credit and Commerce International case studies, as it would enable me to explore in depth the substance of individuals' experiences. The characteristics of quantitative analysis include large samples and short interviews, usually using a set format of questions requiring short answers (Mostyn: 1985: 117). Since questions are standardised, and responses often categorised according to pre-arranged categories, it can be argued that subjects aren't able to fully communicate their experiences, their responses being dependent on the structure of the questionnaire and the statistical manipulations subsequently made. It can thus be argued that semi-structured interviews allow a subject to express her/him self more fully, with answers not being as dependent upon categories constructed as part of the creation of a questionnaire. In this way qualitative research can reveal experiences which a large-scale survey cannot. For example, Jayaratne (1983) carried out in-depth interviews with fifty women over the issue of wife abuse and concluded that she learnt more from interviewing fifty women than from examining quantitative data on over two thousand couples. The current research project was setting out to explore a rarely documented form of victimisation - that of victimisation by 'white-collar crime'. As a result, I decided that a more fluid approach was necessary since using quantitative analysis would not allow as much freedom to the respondents. The semi-structured interview consists of a general format of ideas and questions which the researcher wishes to bring up with the subject. This provides an open-ended environment where the interviewee is allowed to express in depth how she/he thinks and feels (May, 1993). Advantages of the semi-structured interview include that of allowing the parties involved to explore the meanings of the questions and answers involved, so that any misunderstandings which might arise can be clarified. Also, responses are provided rapidly, and there is the time and resources to allow individuals to explain more fully any particular aspect of a question (Maykut & Morehouse, 1994). I therefore decided that a lengthy (lasting between one to two hours), in-depth, interview would enable me to discover the substance of individuals' experiences in greater detail than if using a survey-based approach.



Moreover, Sparks (1982) suggests that more might be learnt through in-depth study of small groups of high risk and high harm individuals than from large-scale, broad surveys. High risk groups consist of a high proportion who suffer from victimisation, whilst high harm groups are those 'for whom criminal victimisation may be rare but when it does occur may have especially serious social, psychological and/or biological consequences' (Eve: 1985: 401). During the course of this research project I came to realise that the individuals that I interviewed belong to the latter group, since these individuals suffered traumatic consequences as a result of working for organisations in which fraudulent activities were carried out. For instance, individuals caught up in the Maxwell scandal spoke about the detrimental impact upon their health as a result of not knowing whether their pensions would be paid each month. Similarly, losing their jobs has left many former employees of the Bank of Credit and Commerce International angry and depressed. In-depth semi-structured interviews enabled me to raise these sensitive issues with individuals, and it is unlikely that a survey would cover these with as much care and detail.

## **5.2 Access to Victims.**

When beginning this project I believed that there would be a large pool of 'victims' from which to ask to take part in this study, as both the Maxwell and Bank of Credit and Commerce International scandals adversely affected thousands of individuals. However, I experienced difficulty in finding persons willing to talk to me, particularly in the case of the Bank of Credit and Commerce International.

Researchers examining forms and impacts of victimisation have gained access to victimised persons via a number of different strategies. Some researchers have targeted specific populations of victims (for example, rape, incest, assault, burglary or fraud victims) and contacted individuals via the police, hospitals or courts (Burgess & Holmstrom, 1974; Maguire, 1982; Levi & Pithouse, 1992; Stanko & Hobdell, 1993; Indermaur, 1995; Shichor et al.1995), or through Rape Crisis, Victim Support and local refuges (Sales et al. 1984; Corbett & Maguire, 1988; Kelly, 1988; Stanko & Hobdell, 1993). Researchers have also targeted specific groups of victims through the use of public appeals (Sales et al. 1984; Kelly, 1988). Other researchers have



distributed questionnaires about victimisation to samples of individuals drawn from the general population or a local community (Hough & Mayhew, 1983; Hanmer & Saunders, 1984; Kinsey, 1984; Hall, 1985; Jones et al. 1986).

I considered the various possible ways of finding individuals whose lives had been adversely affected by the Maxwell and Bank of Credit and Commerce International scandals. Contacting the police and agencies such as Victim Support were not viable options for me, as it was unlikely that these individuals would be in contact with any of these agencies (a theme elaborated upon in the chapters which follow). Advertising in national newspapers for victims to contact me was a possibility, however, I decided that this would be too expensive. Instead, I decided to telephone a financial correspondent working for a broadsheet newspaper (The Guardian) to ask him whether he had any names and contact addresses of individuals affected by the case studies that I was analysing. The correspondent provided me with the names of the heads of two victim action groups - the Maxwell Pensioners' Action Group and the Bank of Credit and Commerce International Depositors' Action Group. I wrote to these individuals, the head of the former group agreed to help me find individuals to interview, while the latter did not reply to my numerous letters/telephone calls. This meant that although I could now find Maxwell pensioners to interview, individuals affected by the Bank of Credit and Commerce International were elusive. I decided to telephone Touche Ross, the liquidator of the Bank of Credit and Commerce International, to find out whether they would be able to refer former deposit holders to me. However, the liquidator informed me that they would not be able to reveal any depositors' names nor contact them to ask them whether they would take part in my project. I then contacted Keith Vaz MP (a politician who had voiced former employees' and deposit holders' concerns to Parliament) and he gave me the name of the Head of the Bank of Credit and Commerce International Employees' Action Group. I established contact with this person and he helped me to find a sample of former employees of the bank to interview. It took me approximately six months to find people who agreed to be interviewed, and these were former employees of the bank rather than business people who had been customers of the bank (the latter group being my original target population). Researchers have commented upon the difficulties of obtaining access when researching corporate



deviance (Braithwaite, 1984; Punch, 1996). Gaining access to individuals victimised by white-collar offences can also be problematic, even in cases where thousands of people are adversely affected. Victim action groups may be one potential way of finding individuals. Indeed, the Maxwell and Bank of Credit and Commerce International employee action groups were invaluable to this current research project.

### **5.3 Interviewing Former Employees of Robert Maxwell's Business Empire whose Pension Money was Defrauded.**

Individuals caught up in the Maxwell scandal who took part in this project were all members of the Dunstable District Maxwell Pensioners Action Group. I held an initial meeting with Jack Clifford, the head of this action group, when I explained my research approach. Jack Clifford then provided me with a list of the members belonging to the action group and fifteen names were then randomly chosen from this. I telephoned individuals and explained to them that Jack Clifford had given me their names and asked them would they be willing to take part in my study. Many agreed, and after interviewing ten people from the list, fifteen more were found through a process of snowballing, whereby interviewees were asked to suggest some more individuals who might be willing to talk. In gaining access to persons whose pensions were affected due to the fraudulent activities of Robert Maxwell, it was thus important for me to contact and establish the trust of the head of the Dunstable District Maxwell Pensioners Action Group, Jack Clifford. Many researchers have similarly commented upon the need to make contact with the 'gatekeepers' of organisations, agencies or groups when trying to gain access for the purposes of research (Glesne & Peshkin, 1992; Hall & Hall, 1996; Flick, 1998). Often the researcher has to establish a trusting relationship with individuals through whom access may be gained (Flick, 1998).

Out of the twenty-five Maxwell pensioners interviewed, fifteen were women, ten were men, and all were Caucasian. The sample contained seven widows, fifteen married persons, twin sisters who had never been married, and a single divorced man. Pensioners' dates of birth ranged between 1916 and 1956, with the average age being 67 years. Seventeen of the pensioners interviewed were already retired and receiving their pensions before the Maxwell scandal arose, with the remaining eight being deferred pensioners, which means that they had not reached state retirement age



before the scandal, but were either retired on the grounds of ill-health, or currently working for a different employer. All the pensioners taking part in this study lived in Dunstable and its surrounding areas. The reason for them being situated in these areas is that they were all linked to the printing industry, having been compositors, proof readers, machine operators, clerical staff or, as in the case of one widow's husband, a company nurse. Many of the individuals interviewed had a long familial tradition within print, with their grandfathers, fathers, brothers and sisters also having worked for the print industry.

I decided to interview the former Maxwell employees inside their own homes. This is because many of these individuals were elderly people, who might find difficulty in travelling. Moreover, I thought that these individuals would be more comfortable and relaxed being in their own homes than in a strange place, and so would be more open to my questioning. Indeed most of the individuals welcomed me into their homes with little, if any, hesitation. The interviews took place between May 1995 and October 1995. All interviews were recorded using a tape recorder.

Feminist researchers call for the researcher to acknowledge that she/he may be in a position of power over the researched as participants may be asked to reveal sensitive/intimate information. Researchers argue, therefore, that attempts should be made to reduce the power differential through self-disclosure, which involves being open to any questions the interviewee may ask (Lee & Renzetti, 1993). Hierarchy must be rejected, and a trusting relationship established in order to allow for the free flow of information between the interviewer and interviewee (May, 1993). At the same time, however, this might be difficult where power differentials exist according to gender, race and class differentials (Gelsthorpe, 1990). With respect to this present piece of research, I was younger and better-academically educated than the former Maxwell employees that I interviewed. These individuals had not gone to university (as I had) but had been employed within the print industry since leaving school at the age of sixteen (and younger). In order for people to reveal their emotions and experiences to me, I felt that it was important to appear to them as someone from a similar educational background, so that they might not be intimidated by the presence of an 'educated person'. I used everyday language, as opposed to any academic or



technical terms, and accepted any hot drinks or biscuits which were offered to me. I also attempted to adopt a positive, non-threatening 'body image'. While my strategy appeared to be effective, as most of the individuals spoke at length to me, in the beginning it was difficult for me to understand everything that they were saying. Many individuals spoke about their former work experiences and Robert Maxwell, and they used technical printing terms such as 'compositor' and 'litho-press', words which I had never heard before. This project illustrates the difficulties which may be encountered when examining employee victimisation. Interviewees may use language which is specific to their work environment and the interviewer may experience some difficulty in understanding interviewees' accounts. Moreover, in being unfamiliar with individuals' work environments, the researcher may be unable to take an 'insider's perspective' of the area being studied (Flick, 1998). I decided that it was important for me to understand as fully as possible the viewpoints and experiences of my interviewees and to do this I had to read literature about printing and the print industry in order to familiarise myself with the work environments of the former Maxwell employees. I also read books written about Robert Maxwell, again to familiarise myself with individuals' former work lives. This helped me to understand individuals' stories and to analyse the impact of the theft of individuals' pension money within a context of Robert Maxwell being their former employer.

A further dimension to the interviews which were conducted is that of the effects of age. Many of the former Maxwell employees that were interviewed were elderly people, and researchers have suggested that this may cause problems with recalling events. It has been suggested that questions must be worded carefully to stimulate memories of the events which may have been forgotten (Eve, 1985). I found, however, that former Maxwell employees held very clear memories of Robert Maxwell and the effects that he had upon their lives when he bought up the firms that they worked for. Also, they seemed to recall events in their lives with clarity and could remember small details about the nature of, for example, a burglary which they had been the victim of. It seems that age was not a barrier to the interviews, and if anything it added to the richness of the data since elderly individuals had a whole lifetime of experiences to draw from when discussing the questions which were posed to them.



#### **5.4 Interviewing Former Employees of the Bank of Credit and Commerce International.**

I met the Head of the Employees Action Group and we decided that due to difficulties encountered in finding individuals affected by the closure of the Bank of Credit and Commerce International to interview, I would send out a short questionnaire. It was hoped that this questionnaire would gain the trust of former employees for them to then volunteer to be interviewed. This means that this questionnaire was used predominantly as a way of obtaining interviews. At the same time, however, any comments written onto returned questionnaires were examined and used as part of the analysis. The questionnaire consisted of two parts. The first part was entitled 'Crime Prevention as Personal Practice'<sup>1</sup> and asked questions about individuals' crime prevention strategies, personal security devices, concern about crime, worry about crime and experiences of crime. The questions here were directed not only at street crime and burglary, but also at white-collar violations. For example, the section on 'concern about crime' included a list of precautionary strategies which individuals were asked to tick if they engaged in them 'as a result of being concerned about financial crime'. Also, 'worry about crime' included worry about being given false information about goods, being sold defective goods, and losing savings due to financial crime. The second part of the questionnaire explored former employees' experiences of the Bank of Credit and Commerce International. Through interviewing the Head of the Employees' Action Group, the kinds of problems encountered by former employees were uncovered. This interview thus played an important role in the design of the questionnaire. Questions included the financial impact upon individuals as a result of the Bank of Commerce and Credit International collapse, the psychological and emotional costs involved, and where individuals placed the blame for the Bank of Credit and Commerce International scandal. At the end of the questionnaire individuals were asked whether or not they would be willing to be interviewed, and if they replied yes then to write down a contact number/address. Interviews were then conducted with the individuals who had indicated that they

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<sup>1</sup> The source of this questionnaire is that of the Stanko & Corbett, Centre for Criminal Justice Research Brunel University.



wished to take part in the study. For the complete questionnaire please consult Appendix B.

Out of fifty questionnaires which were sent out to former employees, seven initially agreed to be interviewed. Three more were subsequently found through a process of snowballing. The ten individuals interviewed consisted of four Pakistani, one Iranian, one Spanish and four British individuals, between 42 and 60 years of age, with nine of them being male and one being female. All except one, whose husband worked for the Bank of Credit and Commerce International, are former employees of the bank and have made banking their careers, often working in many different offices of the Bank of Credit and Commerce International based in different parts of the world. All except one now live in Britain.

Former employees of the Bank of Credit and Commerce International often preferred to meet in public places for interview rather than in their own homes. Hence cafes, hotels and places of work were the main locations where conversations took place. I found that the public surroundings of the interviews did not inhibit the conversations, nor my ability to hear and understand what individuals were saying. Unlike the former Maxwell employees, some of the former Bank of Credit and Commerce International employees requested not to tape record the discussions. Therefore notes had to be taken during the interviews, which were later elaborated upon. These interviews took place between May 1996 and August 1996, and involved me travelling in and around London. Similar to the former Maxwell employees, the former employees of the Bank of Credit and Commerce International spoke about their work environments. This means that they also used technical terms which were not necessarily known to me. For example, former employees often spoke about a 'staff provident fund'. I therefore had to ask interviewees to explain to me what these terms meant, and I also had to read literature about the Bank of Credit and Commerce International in order to acquaint myself with the specific details of former employees' working environments. Although the interviewees were 'multi-cultural' this did not prove to be a barrier to the interviews. It seems that working for the same organisation (The Bank of Credit and Commerce International) meant that the individuals taking part in this project shared common experiences. In particular, the



consequences of working for the Bank of Credit and Commerce International which was closed down by the Bank of England were similar for all the former employees that I interviewed. As argued in chapter three, employees of a multi-national organisation may share certain common social/work experiences regardless of their geographical location and cultural background.

### **5.5. Sampling**

In qualitative research it is difficult to decide a priori how many individuals it is necessary to interview in order to understand the phenomenon being studied. Writers suggest that information should be gathered up to the saturation point, when newly collected data no longer adds to the analysis:

When we reach a point of diminishing returns from our data collection efforts, we can be reasonably assured that we have conducted a thorough study.

(Maykut & Morehouse: 1994: 62)

According to Lincoln & Gruba (1985), saturation point is reached between twelve and twenty interviews. Of course, practical issues also arise over data collection in terms of time, money and accessibility. Initially, this project set out to interview twenty-five Maxwell pensioners and twenty-five former employees at the Bank of Credit and Commerce International. It was considered that a sample size of twenty-five for each scandal was sufficient to examine the impact of the events upon the individuals concerned. In other words, it was believed that saturation point would be reached by twenty-five interviews. However, although twenty-five individuals victimised by Robert Maxwell were interviewed, it was not possible to get twenty-five people associated with the Bank of Credit and Commerce International to take part in the project since individuals were not willing to talk. In the end only ten were interviewed. Although it would have been beneficial to interview more individuals who were associated with the Bank of Credit and Commerce International, a sample size of ten nonetheless produced much data and generated many themes.



As the sample sizes were small, however, it is not appropriate to generalise the findings to all cases whereby employees work for organisations within which illegitimate activities occur and to argue that the experiences of the individuals taking part in this study reflect the experiences of other employees. However, the themes generated by this research may reveal some interesting aspects to the consequences upon employees working for organisations in which white-collar deviance occurs, and they may provide a useful basis from which to explore this area further.

## **5.6 Interrogating ‘White-Collar’ Victimization.**

### **5.6.1 ‘Victims’ of ‘White-Collar Crime’**

As mentioned previously, when I first began this project I knew that the broad area that I was trying to examine was that of the substance of the human impact of victimisation by white-collar crime. However, as explained in chapter three, the term ‘white-collar crime’ is general and obscures the contexts to specific instances of white-collar violations. White-collar offences encompass a wide range of crimes (including health and safety law violations, fraud, embezzlement and the sale of faulty goods and services), and so when exploring the human impact of ‘white-collar crime’ it is necessary to identify exactly what crimes individuals have been victimised by, since different crimes may leave different impacts. For example, it can be argued that victims of fraud may experience different costs than those experienced by victims of health and safety law violations. When exploring the Maxwell and Bank of Credit and Commerce International case studies I therefore decided that I would have to be specific about exactly what form of victimisation by ‘white-collar crime’ I was addressing. With respect to the Maxwell case study, it seems that Robert Maxwell pilfered the pension funds which belonged to the employees (both present and former) of his global business empire (Bower, 1994). This suggested to me that the former Maxwell employees taking part in this study were victims of employer fraud. However, with respect to the Bank of Credit and Commerce International case study, establishing what crime(s) former employees were victimised by proved much more difficult to establish. Researchers examining the Bank of Credit and Commerce International have argued that a wide range of crimes occurred at the bank, including drugs money laundering, embezzlement, fraud, the misappropriation of depositors’ money and bribery (Kochan & Whittington, 1991). While some of these crimes may



have been committed directly against some of the former employees of the bank, for example, money in their deposit accounts may have been fraudulently used, it seems that former employees were also victimised by the subsequent regulatory and media responses. Interview data revealed that a significant factor in the emotional, psychological and financial impact upon the former employees taking part in this project was that of regulatory processes and media reportage of the bank. Hence it seems that a significant part of the victimisation of these employees arose not from the actual crimes which were committed at the bank but from ‘secondary victimisation’. This case study illustrates the complexities involved when researching victimisation by so-called ‘white-collar crime’, as establishing the crimes that individuals are victimised by may be problematic, particularly when individuals relate their negative experiences not to any crimes which have been committed but rather to regulatory and media responses. Indeed, this suggests that in some cases of white-collar victimisation, ‘secondary victimisation’ may be of more relevance when discussing impact upon victims rather than the actual crimes which have been committed.

The next issue that I had to address was that of ‘victim identity’. As chapter three illustrates, ‘victims’ of white-collar offences can be diverse, including consumers, investors, employees, companies and the public in general (Croall, 1992). I found that the individuals affected by the Maxwell and Bank of Credit and Commerce International scandals who were taking part in this study had more than one identity. With respect to the Maxwell case study, individuals were former employees of Maxwell-owned companies as well as investors in pension funds managed by Robert Maxwell. Former employees of the Bank of Credit and Commerce International were also investors in, and customers of, the bank, since many held deposit and mortgage accounts there. It is crucial to examine victim identity (as consumers, investors, employees and so forth), which may be multi-dimensional, when exploring victimisation by white-collar violations as the results of this study reveal that this influences the substance of individuals’ experiences (this will be discussed at length in chapters seven and eight).

As noted in chapter two, the term ‘victim’ is problematic, and needs to be discussed and elaborated upon. The label may imply passivity and helplessness



(Kelly, 1988), and yet individuals who are victimised may act upon and actively struggle against their misfortune. The term 'victim' may not capture this dimension to their lives. Furthermore, individuals victimised by white-collar crime may not be considered by wider society to be 'victims' of a 'criminal' event, as much ambiguity surrounds white-collar crime with respect to its definition, regulation and punishment (Nelken, 1994).

In this particular research project, it was decided that the term 'victim' might be applicable when writing about the individuals taking part in the study. Interviews revealed that these persons had experienced harm as a result of working for organisations in which fraudulent activities took place, and so the word 'victim' might be used in order to highlight that these individuals had been adversely affected by the white-collar violations (and the subsequent regulatory responses) which had occurred. At the same time, however, many of the individuals taking part in this study formed their own victim support groups and strove to gain political, legal and financial responses to their plight. This means that in order to prevent the individuals from being labelled as 'passive' and 'weak', an analysis of their struggles was conducted through which an image of strength and courage emerged.

#### 5.6.2 'Structure', 'Agency' and Victimisation.

As stated previously, I decided to use a semi-structured interviewing technique. This would allow me to ask specific questions, but also to probe beyond the answers given and follow the direction set by the interviewee (May, 1993). I arrived at the interviews with a list of questions to ask the interviewees, but I was also open to any new directions which were opened by them. This level of flexibility proved to be a valuable methodological approach. The impact of occupational deviance upon employees has not been researched in any depth - victimisation research has tended to focus upon examining the impact of crimes such as rape, robbery, burglary and assault (Burgess & Holmstrom, 1974; MacDonald, 1971; Russell, 1975; Katz & Mazur, 1979; Maguire, 1982; McNeill, 1987; Stanko & Hobdell, 1993; Indermaur, 1995) rather than white-collar violations. Research looking specifically at white-collar victimisation has been sparse (as illustrated in chapter three), while research in the area of corporate deviance has tended to examine



employees/managers as individuals who might engage in white-collar offences at work rather than as individuals who might be the victims of such offences (Dalton, 1964; Braithwaite, 1984; Levi, 1987; Messerschmidt, 1997). As a result, there was virtually no research that I could draw on when exploring the substance of the experience of victim employees. This means that when I first began to interview individuals I had little idea of the kinds of issues that they would talk about which had an impact upon their victimisation. Allowing individuals to tell their own stories from their own perspectives, bringing in themes which they themselves considered to be important, yielded many issues which I would not therefore have considered. As a result, the rich data uncovered by this project is largely due to my open approach, whereby I was willing to accommodate new themes raised by the interviewees into my interview schedule and subsequently into my analysis. Indeed, this approach enabled me to incorporate notions of 'structure' and 'agency' into my project. Chapter one illustrates that 'structure' and 'agency' are important notions when exploring victimisation, since socio-structural processes such as class, age, gender and race, and human agency, influence the human impact of victimisation. I found that folded into many of the interviewees' accounts of their victimisation was talk about structural processes. For instance, many of the former Maxwell employees spoke about the economic changes taking place in the print industry which they had worked for, of which Robert Maxwell was an element. It seems that Robert Maxwell was not only someone who robbed pensioners of their pension money, but was also a symbol of the changes taking place to print, changes occurring under a post-industrial era. In this way Robert Maxwell was used as a symbolic marker of the transformations occurring in post-industrial society. With respect to former employees of the Bank of Credit and Commerce International, many spoke about their negative experiences of financial regulators, the liquidator and the press. One theme which emerged from the interviews was that of the notion of stigma, whereby former employees argued that they seemed to be blamed for the wrongdoing of other employees working within the Bank of Credit and Commerce International (see chapter eight for further details). In order to explore these themes further I examined individuals' accounts against my own investigations of the British print industry, financial regulation and the press reportage of the Bank of Credit and Commerce International. I found that individuals' conceptualisations of economic and regulatory processes matched my discoveries, and



so I was able to validate individuals' accounts and expand on the themes elicited by them. In this way, I was able to bring a structural dimension to documenting the impact upon employees who work for organisations in which fraudulent activities occur. With respect to human 'agency', I found that many of the interviewees spoke about their personal struggles with regulators and the government in order to try to gain legitimate victim status. I therefore included these accounts to show that individuals who experience victimisation are not necessarily passive, but may act upon their surroundings and struggle for justice.

### 5.6.3 The Interview Schedule.

With respect to my interview schedule, the literature documenting impacts of physical and sexual violence, property crime and white-collar crime was used to inform the nature of the questions asked. Individuals were asked about any financial, psychological, physical, behavioural and emotional impacts as a result of being caught up in either the Maxwell or the Bank of Credit and Commerce International scandals. For example, a question used to examine any emotional impact was that of 'Before the scandal were you ever worried about your pension/investments?' 'Are you now worried/wary about your investments?' This elicited responses about the anxiety or fear that financial crime can bring about on victim investors, similar to cases of physical and sexual violence and property crime which suggest that victims may be more fearful or anxious as a result of the crime committed against them (Burgess & Holmstrom, 1974; MacDonald, 1971; Russell, 1975; Katz & Mazur, 1979; Maguire, 1982; McNeill, 1987; Stanko & Hobdell, 1993). Another example of a question used is that of 'Do you do anything in order to avoid becoming a victim of financial crime in the future?' This question was used to examine individuals' behavioural responses to their victimisation, whether they engage in avoidance behaviours. On the whole, the questions which were asked individuals elicited rich data. For more information about the specific questions asked, consult appendix A.

### 5.7 Ethics.

The ethics behind any piece of research must be considered. Honesty appears to be important, since deceiving participants regarding the purpose of the research or any attempt to lie or deceive might be considered to be unethical (May, 1993). This is



particularly problematic when researching white-collar crime, as organisations are unlikely to give access to a researcher who states that they want to explore malpractice. Researchers may, therefore, have to deceive organisations regarding their intent (Punch, 1996). With respect to the present project, I decided to be honest with the participants as I felt that this would yield more information than if trying to deceive them about the purposes of my research. As I was investigating employee victimisation rather than employee/manager/corporate corruption, I felt that I could be open with the participants as this would not be an obstacle to my gaining access. This means that I disclosed all details of my project to the individuals taking part. However, I decided to protect the identity of the interviewees in order to allow them greater freedom in what they said (as any published results would not bare their real names) and so fictional names have been used throughout this project.

Another ethical issue arises over the question of exploitation. The research subject dedicates hours of time, revealing personal and often painful information. The research subject often gains little if anything from the research experience, hence this is why it is argued that researchers should give something back to the researched (Jayaratne, 1983). I would argue that some of the individuals taking part in this project probably did benefit in some way. The individuals experienced psychological and emotional scarring (in the form of anger, fear or self-blame) and this project allowed them to express their grievances to a sympathetic listener. Indeed, as illustrated in chapter two, researchers have found that many victims who are visited by a volunteer member of Victim Support say that the visit has helped them to cope with the emotional impact of the crime (Corbett & Maguire, 1988). While I am not a member of Victim Support, I would nonetheless argue that my visits may have been of benefit to the participants of this project as they showed to the individuals that at least 'somebody cared'. This aspect of the research study is important, since victims of white-collar violations are unlikely to be in contact with Victim Support and are unlikely to receive emotional support other than that provided by action groups which they may or may not belong to. Any reports that I wrote were also sent to the participants in the study, in this way keeping these individuals involved in the work.

## **5.8 Interviews with Financial Advisers.**



A further dimension to the research project was that of conducting interviews with financial advisers. These interviews were exploratory in nature and were undertaken due to an interest to document how financial investment is presented to potential investors. It was considered that these interviews might give useful background information about financial investment, which would be useful to a project examining employee victimisation by fraud and financial mismanagement. During the first six months of the PhD I posed as a potential investor and arranged meetings with five financial advisers. Two of these advisers were independent, while the remaining three belonged to three different banks/building societies - Midland Bank, NatWest and Halifax. During these meetings I listened to the kind of language which financial advisers used, also the image of investment which was being presented. At the same time, the kind of advice given to me was noted. This line of enquiry contributed to chapter seven of this thesis, which examines the risks posed to investors.

### **5.9 Media Analysis.**

A further element to the research was that of exploring the press reportage of financial crime. As will be discussed later in this thesis, an important dimension to the victimisation of former employees of the Bank of Credit and Commerce International was that of stigma, and former employees suggested that this was partly due to the media representation of the bank. This means that whilst the research project was being carried out, it was considered to be important to study the press reportage of white-collar crime in order to examine the portrayal of victims and offenders. Both the Maxwell and the Bank of Credit and Commerce International scandals were reported by the quality broadsheet newspapers and tabloid press<sup>2</sup> over a number of years and thus there was a large discursive site that could be analysed. In particular, the attribution of blame which occurred in the press in the aftermath of both scandals was noted, and the ways in which the victims were portrayed. It was found that in the Maxwell case the media gaze was placed largely upon Robert

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<sup>2</sup> The newspapers which were examined included the Guardian, the Financial Times, the Independent, the Times, the Sunday Times, the Daily Mail and the Mirror. The period studied was between 1991, the year when both scandals broke out, through to 1997, the year when this research project ended. The press reportage thus included the time when both scandals first broke out, and the many court cases which followed.



Maxwell, and the actions of his sons, Kevin and Ian, were explained by reference to him. The Maxwell pensioners were thus absolved from any blame. In the case of the Bank of Credit and Commerce International it seems that the media demonised the entire institution, and so former employees of the bank were blamed for their plight. The public blaming which occurred in the aftermath of both events was then contrasted with the views of the former Maxwell employees and former employees of the Bank of Credit and Commerce International. Privately, these individuals blamed many more individuals and institutions for the scandals which arose. For example, regulators were blamed, also the government and banks. It was thus possible to explore the tensions and inconsistencies between events as they are portrayed in the public arena and events as experienced privately by individuals. The public-private divide has been a recurring theme in feminist research, which has highlighted women's experience of male violence, much of which is private violence. Yet it is in the public domain where crime and violence is discussed, wrongly silencing private understandings of danger (Stanko, 1990).

### **5.10 The Analysis of Qualitative Data.**

Qualitative analysis is a creative process, involving disciplined study and careful attention to the purposes of the piece of research:

The analysis of qualitative data is a creative process. There are no formulas, as in statistics. It is a process demanding intellectual rigour and a great deal of hard, thoughtful work.

(Patton: 1987: 146)

Evaluation typically begins through the researcher reading through the transcripts made, together with any field notes which have been written. Familiarity with the data is important here, so the transcripts must be read through a number of times. Inductive analysis means that the patterns, themes, and categories of analysis emerge from the data (Patton, 1987).

Analysis involves placing order onto the data and organising this so that relationships and linkages may be made. In this way description becomes meaningful



examination. Qualitative analysis involves the creation of categories which reflect what interviewees have expressed, together with the thought processes of the researcher. It is important to note here that 'there are as many ways of seeing the data as one can invent' (Dey: 1993: 110) so that the creation of categories is largely the result of the interaction between the researcher and the material which she/he has acquired. Flexibility is essential, as categories need to be extended, modified and discarded during the analysis stage, working holistically thus:

Developing categories usually involves looking forwards towards the overall results of the analysis as well as looking backwards towards the data.

(Dey: 1993: 111)

Whilst assigning bits of data to categories, it is necessary to consider how relevant the categories are for the data being analysed and how good the fit is between the category and the piece of data. It is therefore important to note down decisions made to assign, or not to assign, a category and to use this in order to define which categories have been used and why. Once interpretation has taken place, it is necessary to consider rival themes and explanations which might occur for the data since this allows the researcher to consider how appropriately her/his analysis fits the data (Patton, 1987).

Once interviews were transcribed, I identified recurring themes that individuals talked about and arranged the interview material according to these themes, using cards with the corresponding headings. The major themes were also broken down into smaller categories. For example, one theme that I identified was that of the 'psychological impact' upon the former Maxwell employees and former employees of the Bank of Credit and Commerce International. This was then divided into categories which included 'self-blame' and 'distrust of pension schemes'. Similarly, a theme 'emotional impact' was divided into the smaller categories of 'anger', 'fear', 'anxiety' and so forth. Each category contained quotations from interviews and questionnaires which referred to that specific type of impact and these quotations were then used when writing up the results of the study.



## **5.11 Conclusion.**

This chapter has presented an account of the methodology which was used during the course of carrying out this piece of research. The discussions presented here highlight the problems that I had to face when trying to research a form of victimisation which has seldomly been studied. Although the account here suggests that the work was neatly structured, it must be emphasised that the research was an ongoing, developing process. This means that the themes which are presented throughout the thesis are the result of many months of exploration, and as such the arguments which are set out have developed over the course of the five years of study.



## **Chapter 6: Exploring ‘White-Collar Victimization’: a study looking into the impact of the Maxwell scandal upon former Maxwell employees.**

### **6 Introduction.**

As illustrated in chapters two and three of this thesis, whilst a substantial amount of information is known about the effects of physical and sexual violence and property crime, the impact of white-collar violations upon individuals remains an under-researched phenomenon. This is partly due to the difficulties encountered when researching white-collar crime, when offences and victims can be hidden (Croall, 1992). Nonetheless, the case of the Maxwell scandal had clearly identifiable victims: (former) employees of Maxwell-run companies who belonged to the company pension schemes that Robert Maxwell defrauded. It is therefore interesting to document the impact of the Maxwell scandal upon these individuals, so as to try to make some tentative observations about the wider impact of employer fraud against employee.

Interviews with former Maxwell employees revealed that these individuals experienced psychological, emotional, behavioural, physical and financial costs as a result of having their pension schemes defrauded by Robert Maxwell. This suggests that the impact of employer fraud has similarities with that of physical and sexual violence and property crime. At the same time, however, features of the victimising experience were found which were specific to this particular case study, but which might be more generally applied to provide a tentative exploration of the impacts of employer fraud against employees. The following chapter will thus chart the impacts of the Maxwell scandal, and discuss similarities and differences between ‘white-collar’ victimisation and victimisation by physical and sexual violence and property crime.

### **6.1 White-Collar Victimization: Victim Awareness.**

Characteristics which have been applied to white-collar crime include ‘low visibility’, ‘complexity’ and ‘diffusion of responsibility’ since it is argued that white-collar crimes are often difficult to detect (Croall, 1992: 12). Indeed, researchers such as Box (1983), Fattah (1986) and Nelken (1994) have argued that victims of white-collar crime often are unaware of their victimisation (as illustrated in chapter three).



The question may thus be asked at what point do victims of white-collar violations first become aware of their victimisation ? With respect to the Maxwell scandal, many of the individuals taking part in this study revealed that they had first heard about Robert Maxwell's disappearance via the television, radio and newspaper media. Whilst some immediately felt that there might be implications for their lives, others believed that the death of Maxwell had no link to their pension funds.

### 6.1.1 Hearing the News.

Mr and Mrs Atkinson first learned about Maxwell's disappearance via radio and television. At the time, however, they did not suspect that anything was wrong with the pension scheme, and only found out about the theft of funds later on via a letter which was sent to them from the trustees of the pension scheme.

*- How did you find out about Maxwell's disappearance ?*

*Well we heard it on the radio and over the television, we saw the daughter on the telly, she was probably shredding the papers and that on there, and somebody said there's a fiddle going on and a lot of people say, we still say and think, he isn't dead. He's got away somewhere, living it up. You don't hear of his wife now. (Mrs Atkinson)*

*- But when he died did you think your pension might be affected ?*

*No we didn't think nothing about it, we thought everything would be alright. (Mr Atkinson)*

*- So when did you find out about the pensions ?*

*In February 1992. We got a letter just saying the pensions were being cut. Well then it went right down you see, we only got a third. Mine went right down to about 16 something like that, well then the government they took over to pay the guaranteed minimum. (Mrs Atkinson)*

Similarly, Mrs Mechen first learned about Maxwell's disappearance via the television, again she did not suspect that anything was wrong:

*I heard about Maxwell's death on TV.*

*- Did you think at the time that maybe the pension would be affected ?*

*Well to be quite honest I didn't, I didn't think about it. Not until everything started happening.*

Mr Clifford was driving home from work listening to the radio in his car when he heard about Maxwell's disappearance. Mr Clifford did not think that this might affect his pension money. However, in the days that followed Mr Clifford learned that



the pension funds had been plundered through a trustee of his pension scheme at work:

*I was coming home. One day I was on early shift and I was driving up the A5 and they said Robert Maxwell had gone missing on his boat. We never twigged anything. I thought good riddance to him, that's all he's worth for what's done. I mean, he got rid of nearly 3,000 employees, plus all his other companies. And when it was discovered, they said that a lot of money had gone missing. That was how it came out, a lot of money had gone missing. I never thought anything about it, I didn't think about the pension. And then the next day I went to work and this Johnny Swan came up, trustee, he said, 'You've had it with your pension'. 'What do you mean?' He said, 'You've lost the lot mate'. I said, 'What are you talking about?' I said, 'You can't lose that'. He said, 'You have, Maxwell's blown the lot mate'. He said, 'Blown the lot'. I said, 'What are you on about?' He said, 'I'm telling you, you've lost it'. Of course then I started to think God. And of course another chap came up and he was a deferred pensioner because he'd been made redundant they took him back and he said he was in the same position as me. He said, 'Heard all the news?' 'Yeah', I said. He said, 'It's true'. He said, 'Somebody heard it on the news at lunchtime, there's nearly 800 million pound gone missing out the pension fund'. And I came home and I sat down and thought about this.*

The Hughes sisters returned from a holiday that they were spending in Blackpool to learn via the television that Maxwell had disappeared. Unlike the individuals above, however, the Hughes sisters immediately believed then that their lives would somehow be changed:

*When it happened in November we had a week's holiday, you see, we went to Blackpool to see the lights that week. When we came back from Blackpool and put the television on he was missing and everybody said ooh I hear about your boss and we thought then, well we don't think things will ever be the same again. And everything all blew up that the pensions were frozen and they were lost and it was awful.*

As soon as Mrs Walsh's deceased father heard via the television that Robert Maxwell had disappeared he believed that his pension money was at risk:

*- When was the first time that you and your dad heard about the scandal ?  
Well it came on the telly.*

*- So you were just watching the news ?*

*Yeah, it came within five or six days of Maxwell's death that the pension funds had been plundered.*

*- And how did you react ? Do you remember that day when you heard ?  
Yeah I think we were outraged. My dad's first instinct had been right.*



*- What do you mean by his 'first instinct' ?*

*Well, his first instinct was when he'd (Maxwell) gone over he says I feel a bit guilty that I haven't bothered about his death, I shuddered thinking about my pension.*

Similarly, Mr Brooks believed that his pension had been affected as soon as he read in the newspaper that Maxwell had disappeared:

*When I read the news that he'd gone overboard I thought that's goodbye to the pension.*

*- Did you think at the time that there was some scandal going on ?*

*Oh definitely yeah.*

The interview extracts above reveal that although the individuals were unaware that Robert Maxwell was pilfering their pension funds, as soon as the news broke out that he had disappeared, some of them did nonetheless immediately suspect that their pension money might be in some way adversely affected. It seems that for some of the pensioners, there was a connection between the actions of their former 'boss' and their pension schemes. The extracts from the interviews with the former employees of Maxwell's business empire also illustrate how many of these individuals were informed about their victimisation via the pension fund trustees and/or the media. This differs quite markedly from the ways in which most victims of physical and sexual violence and property crime experience their victimisation. Most victims of physical and sexual violence are directly victimised (as in the case of robbery and rape) via the actual presence of the offender. Others, victims of property crime for instance, may come to know about their victimisation directly through their discovering of the break-in or items which disappear. Former Maxwell employees, on the other hand, seemed to be the victims of a 'virtual crime' in the sense that Robert Maxwell's pilfering of the pension funds was taking place largely outside the physical space of the individuals and so they had little, if any, knowledge of the events which were occurring. Indeed, many of the individuals that I interviewed were already retired when Robert Maxwell started to pilfer the pension funds. This means that although they were no longer employees of Robert Maxwell, he was nonetheless able to victimise them. This case illustrates how employers can continue to occupy positions of power over former employees in situations where they have access to company pension schemes.



A further issue to consider here is whether the Maxwell pensioners taking part in this study considered themselves to be ‘victims’ of ‘crime’. As discussed in chapter three, ambiguity surrounds the area of ‘white-collar crime’, with legal, political and social definitions regarding its ‘criminal status’ not necessarily being in agreement. Indeed, individuals who have been victimised by white-collar crime may not even consider themselves to be ‘victims’ of a ‘criminal event’ (Croall, 1992). The present study asked individuals whether they considered themselves to be ‘victims of crime’. It seems that in many instances, they considered themselves to be victimised by a criminal event, as the following quotations reveal:

Mrs Hill said:

*He (Robert Maxwell) robbed me didn't he ? That pension was mine, he should never have been allowed to touch that money.*

Mrs Atkinson said:

*If we'd taken money from someone else we'd have the fraud squad on us, and that's what I think they should be charged with.*

While Mrs Nene pointed out:

*There's no doubt that it's criminal. Anybody that takes things is criminal.*

It seems that individuals considered the events which led to the Maxwell scandal to be criminal. However, as chapter seven will reveal, gaining legitimate victim status was quite difficult for the individuals, and they had to lobby Parliament in order to get an adequate response to their plight.

### 6.1.2 How Victims Made Sense of The Chain of Events that Led to the Crime.

On November 5<sup>th</sup> 1991, Robert Maxwell disappeared off his yacht the Lady Ghislaine. Interviews with the former employees of Maxwell's empire reveal that there was significant speculation regarding what had actually happened to him on that



night. Individuals' beliefs regarding Robert Maxwell's disappearance ranged from him having committed suicide to him having been murdered. Some of the individuals believed that Robert Maxwell had staged his own death and is thus alive somewhere today. For example, Mrs Atkinson argued that because a British pathologist did not view Maxwell's body<sup>1</sup> his death had been staged:

*One man tipped him in the grave, and why we think it's a bit suspicious is that they wouldn't let a British pathologist go and view his body, and these the Spanish I mean they could get anybody's body. I should imagine they're open to bribery by what you hear of Spanish policing, that could have so easily been done, and somebody could have come round with a little boat and took him off. They needn't have an engine or anything just oars. He could have got into the water and swam a little way and got in it. It was in the night and nobody heard a splash, nobody heard anything.*

Similarly, Mr Hayes said:

*I don't think he's dead for a minute.*

*- Why do you say that ?*

*Did anybody from this country see his body ? No-one was allowed to see the body. We go abroad twice a year, you go to Spain and you'll see plenty of fat men walking around there, down-and-outs I mean it could be one of them.*

*- Do you believe that he might have staged his death then ?*

*Yeah. I mean for a man to amass millions like that I don't think he committed suicide.*

Mrs Wall, on the other hand, argued that Robert Maxwell had suffered some kind of breakdown and therefore probably committed suicide:

*Either he jumped or he was pushed. It was all such a coincidence, tying in with this awful coming together of this huge humiliation. He couldn't cope with a trial, he wouldn't go through with that. It was all closing in on him and his mind had gone as was evidenced by his urinating everywhere. The balance of his mind had gone.*

Similarly, Mr Love believed that Robert Maxwell had committed suicide, although his wife, Mrs Love argued that he had staged his death:

*- What do you think happened to him ?*

*He's still alive, there's a lot of people think that, so devious so clever. (Mrs Love)*

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<sup>1</sup> Initially, Maxwell's body had been examined by Spanish pathologists only. However, a Home Office pathologist Dr Iain West was later also to examine the body. (The Guardian, November 12th 1991)



*Anyway, what happened was he got to a point where he couldn't go on any longer and I think he got rid of himself. I think he killed himself. (Mr Love)  
But I think he's still alive. I think he'll be down to about twelve stone instead of twenty-four and I reckon his face is altered and he's living it up somewhere. How could anyone accept that a rogue like him to be buried in Holy Land? How could they accept a rogue like that on the Mount Olive? Never, I think it was all a put-up job. (Mrs Love)*

Mrs Hill argued that even if Robert Maxwell is dead (which she very much doubted) he should not have been buried on Mount Olive:

*Well he got a boat, he got staff on there and he dropped over and nobody seen him? Go away, somebody's covering up something. I can't believe that one bit. I do not believe that one bit. And as quick as they put him on Mount Olive they should have dumped him in a big hole, not on Mount Olive that's for sure.*

Mr Adcock argued that whilst he could not dismiss totally the idea that Robert Maxwell had disappeared on purpose, the evidence tended to suggest that he was dead:

*I have never actually seen a picture of Maxwell's body although apparently one was published in Paris Match and I often wondered if he did a Reggie Perin, I mean maybe that's one of the things he might have done and maybe he isn't dead at all.*

*- Do you think that's a possibility?*

*I don't really think it's much of one, it's something that I wouldn't totally rule out. I actually think he's such a larger-than-life character someone would spot him somewhere and he'd have to be very very low profile. You know, actually doing that sort of disappearing act is very difficult and I think that sufficiently many people have seen his body for it not to be fakeable. I think he's dead.*

While Mrs Mechen believed that perhaps Robert Maxwell's death had been a revenge killing:

*- Where did you first hear about Maxwell's death and the pension had gone? What were you doing at the time?*

*You know what I said the minute I heard it on the telly? The bloody Mafia have got him at last. Somebody's got him at last, somebody's got their own bloody back on him at last I said.*

These extracts from the interviews suggest that many of the former Maxwell employees held a substantial amount of information regarding the circumstances of



Maxwell's death. I would suggest that this information can be partly attributed to the great media interest in solving the mystery to Maxwell's disappearance. At the same time, the individuals had a particular interest in the event (since Robert Maxwell was their current or previous employer) and so they paid particular attention to media reportage of Maxwell's disappearance.

In the aftermath of Maxwell's disappearance, numerous articles were published in the press which suggested different possibilities for the circumstances of November 5th 1991. For example, headlines such as 'Maxwell Death Natural Causes Say Doctors' (The Guardian, November 27th 1991), 'Did Maxwell Fall or Was He Pushed ?' (The Guardian, November 12th 1991), 'Disappearance From Luxurious Yacht Baffles Boating Experts' (The Independent, November 6th 1991), and 'Mystery Surrounds Publishers Death' (Financial Times November 6th 1991) appeared offering a range of different scenarios regarding the circumstances of Maxwell's disappearance. These scenarios ranged from Maxwell having suffered a heart attack and fallen overboard, to having links with Mossad, to suggestions that Maxwell's body had been identified only by his family and not by dental or fingerprint records so that he may not have actually died. Even as late as in 1995 when Ian and Kevin Maxwell were on trial with conspiring to defraud the Maxwell pension funds, the subject of the death of Robert Maxwell arose in the press, fuelling speculation regarding the circumstances of the death even further. For example, the Financial Times featured two opinions regarding Maxwell's death: according to a French lawyer and close friend to Robert Maxwell, Robert Maxwell may have been murdered; while according to Israeli pathologist Dr Hiss, suicide was not a possibility, rather Robert Maxwell had fallen overboard accidentally (The Financial Times, November 15th 1995). Similarly, in the Daily Mirror there appeared a report with the headline 'Maxwell's Death Was Not Suicide' which relayed Kevin Maxwell's thoughts regarding his father's death: that it may have been an accident, murder or a robbery motive (The Daily Mirror, November 14th 1995). All of these scenarios had been suggested to me by the former Maxwell employees. I would suggest, therefore, that they drew upon the media reportage in order to make sense for themselves the circumstances surrounding Robert Maxwell's disappearance. This echoes the findings of other research studies, which suggest that media discourse may be used by



individuals in order to help assemble understandings of crime and victimisation (Soothill, 1991; Sasson, 1995).

In terms of what this might reveal about white-collar victimisation (and in particular the victimisation of employees by their employers), I would suggest that once individuals become aware that they have been victimised they engage in a process of making sense of the series of events which led up to their victimisation. This process might be part of the way that white-collar victims cope with the impact of the crime on their lives. Indeed, as mentioned in chapter two, according to Silver et al. (1985) victims of incest who find some understanding of the events which occurred in their lives mitigate the harms caused by their victimisation better than those who do not find understanding. Maxwell's disappearance was the first incident in the chain of events which led to the discovery that billions of pounds were missing from pension funds. It seems plausible to suggest, therefore, that it was important for the former Maxwell employees to make sense of this event, since this formed part of the puzzle of why and how it happened that so much money was missing from their pension funds. I would also suggest that the villain in the white-collar scandal is important for victims, particularly when it happens to be somebody famous like Robert Maxwell. This may be because the theft of the pension money was carried out 'at a distance' and without the former employees' knowledge, and so placing a 'human face' to their losses may have helped them to understand the events which led up to their victimisation. The interest in Robert Maxwell also reflects the media interest in so-called 'elite offenders' (Levi: 1987: 239) such as Nick Leeson of Barings Bank who was labelled as a 'rogue trader' by the press; and Peter Young of Morgan Grenfell who was considered to be a 'quiet loner' (The Sunday Times September 8th 1996).

## **6.2 White-Collar Victimisation: The Emotional Impact.**

### **6.2.1 Anger.**

One common response by the former Maxwell employees regarding their victimisation was to express anger. This was part of the emotional impact of the Maxwell scandal upon their lives. Many of the individuals used words such as 'angry', 'outraged', 'cross', and 'bitter' when talking about how they felt about their pension schemes being defrauded. For example, Cynthia Hughes said:



*You know our money, we earned it and somebody else pinched it and we're really angry about that because when you go out to work and you've earned your money, you want it.*

While Mrs Walsh revealed that:

*I was outraged to think that he (Maxwell) could do such a thing. It's just like taking sweets off a baby. It's just taking advantage of people. It's scheming isn't it ?*

Mr Clifford revealed that he was taking some of his anger out at work, with his workmates eventually telling him to 'lay off them':

*Oh I could have cried. I was angry, I was bitter, I hated everybody. I went to work and of course you get a bit of ragging and I was getting nasty with it, I think a few blokes said lay off you know.*

Mrs Hill said:

*But when you think what Maxwell did and everybody says they're so angry about the man, not because they're that type of people but because that's how they feel about him.*

Mrs Mechen was angry that the previous Tory government had stripped power from unions, attributing this to the Maxwell scandal:

*- How did you feel at the time ?*

*Angry. Really angry.*

*- Why ?*

*Well I was angry that he was allowed to do it. I was angry that the government had changed the trade union laws that allowed him to get away with so much. I was angry that it was just another problem to cope with, when you lose your partner you've got enough problems.*

While Mr Adcock revealed that he becomes angry whenever he reads about other financial scandals in the newspapers:

*- Do you look at other financial scandals that occur ?*

*Sometimes, but it actually makes me sick reading it so I tend to avoid it, it tends to be something that I really don't want to hear about. It's just possibly the nature of the person that I am, any form of injustice makes me very angry.*

Anger has been found to be an emotional response common in victims of domestic violence (Dobash & Dobash, 1979), incest (Silver et al. 1983), physical



assault (Stanko & Hobdell, 1993) and burglary (Maguire, 1982). It can thus be suggested that anger is a common emotional response not only to physical and sexual violence, and burglary, but also to employer fraud against (former) employee. Other emotional reactions to victimisation by physical and/or sexual violence and burglary documented by researchers are that of stress, anxiety and fear (Burgess & Holmstrom, 1974; MacDonald, 1971; Russell, 1975; Dobash & Dobash, 1979; Katz & Mazur, 1979; Maguire, 1982; Stanko & Hobdell, 1993). The former Maxwell employees revealed that they also experienced anxiety. It seems that the anxiety was largely due to them not knowing whether their pensions would be paid.

Following the disappearance of money from the pension funds that the former employees belonged to, the trustees of their pension schemes informed them that there may not be sufficient money in the funds to pay them. This meant that the former employees had to live with this uncertainty. According to Mrs Hunt:

*Well you never knew whether you would get it or not, except when they'd write a letter and say to you there's enough money to last a year or there's enough money to last six months.*

Whilst some pensioners had their pension money drastically reduced, others had only small reductions, and others had no reductions at all<sup>2</sup>. For example, Mr and Mrs Lyons were receiving approximately £140 per month, and this was reduced to £45 per month. Mrs Hurt, on the other hand, was receiving £180 per month and her pension was reduced to £120 per month. Mrs Riches, on the other hand, had different amounts of pension paid each month:

*- So what happened with your pensions from that time you found out ?  
Well they was sending us bits and pieces. Different amounts of money. We didn't know where we stood.*

The reductions lasted for almost a year, since it was not until October 1992 that the British Government put together a Maxwell Pensioners Trust, and £2.5m was

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<sup>2</sup> Any pension money reductions which were incurred by the pensioners also affected each individual differently, according to their own circumstances. For example, a pensioner relying solely upon the Maxwell pension incurred a greater financial impact than a pensioner who also had other sources of income to rely upon.



placed into this while more funds were being found. This money was used to pay pensioners each month, to make good any reductions that they were incurring (Maxwell Pensioners' Newsletter, 1992). However, the pensioners had to continue living with uncertainty about the future of their pensions, as the money which was available would only last temporarily. Deferred pensioners, who had not yet reached retirement age but had their pension funds tied in Maxwell companies, had to live with the stress of not knowing whether they would get anything at all once they retired.

Mr and Mrs Love considered having to sell their house:

*We nearly put our house up for sale because we thought we'll get a smaller house and make some money on it to be as a pension. (Mrs Love)*

Similarly, Mrs Wall believed that she may have to sell her house, and this caused her much anxiety:

*- Did it affect you ?*

*Well yes, when it first came through it worried me to death. I was thinking I'd have to sell the house. That was what I thought it would come to if the pension stopped, I'd just be on my widow's pension which would only be just over a hundred....I mean we weren't exactly flush but I said we might have to tighten our belts even more if the pension's cut and they (children) were concerned obviously. It was horrible at the time, couldn't sleep you know, tossing and turning wondering what was going to happen sort of thing. I mean this house I've been in since I was small and we bought this extension when we got married and we've been quite happy here. We didn't really want to move and the thought that I might have to sell it and move to somewhere smaller and not such a nice area was particularly awful, I didn't want to have to do that. I mean I said to them (children) that would be the final straw you know if we're really desperate then we'll have to move but I'll fight tooth and nail to stay here as long as we can. But thankfully it didn't come to that, but it certainly was a worrying time.*

Mr Phipps said:

*I mean at one time people had still got some liabilities, some people had got houses that they hadn't paid for their mortgage and they could see their house being repossessed because they weren't sure of getting the money in you see and they were very worried.*

While according to Mrs Hill:



*Like the people that are on their own, and people with a small pension, single people, it's affected them because it's worried them to death hasn't they ? Fred's niece's father, I mean it worried him dreadfully.*

The Hughes sisters revealed the stress that they felt:

*Stressed, we still feel it don't we ? The only time that I shall get over this stress is when I get my pension sorted because the future worries me. The way things are going with this government they might chop our other pension (state pension) off. 'Cos my brother lives at Taunton he said, 'You know you don't know what's going to happen with your pensions, what's going to happen'.*

*- Do you think if Maxwell had not happened, do you think that you'd be worried about your state pension ?*

*Not so much, it's made you more aware of things, more aware of the future.*

Although Mr Nene's pension was never stopped, he and his wife could not plan for the future as they never knew when their pension was going to be stopped:

*I don't think at any time we stopped getting a pension. We were still being paid, but what we couldn't do, we couldn't plan for the future. There was no thoughts for the future at all, because we thought maybe we'll get it this week, maybe we'll get it next week, but in six months' time... My pension comes first of the month through the door and I looked for that every month on that mat. And I could see on the mat I was gonna look there one morning and it ain't gonna be there. It was a real worry.*

According to Mr Phipps:

*Oh definitely there was lots of stress. We had one woman a widow who lost her husband, and she'd still got payments on the house and she was really worried.*

While Mr Hayes revealed that:

*It has caused a lot of anxiety and worry to a lot of people. 'Cos at the start I thought to myself what the hell am I going to do ?*

And Mrs Mechen said:

*Well it was certainly a worry, it was a worry you wouldn't get it all.*

Anxiety experienced by the former Maxwell employees stemmed mostly from financial worry, particularly the worry that they may not be able to afford to continue living in their own homes. This case study reveals that pension schemes are vulnerable to unscrupulous agents who may leave individuals without any income. It



seems that the mismanagement of pension funds can wreak insecurity, which questions the link often made between pensions and security by the financial industry, as will be illustrated in chapter seven. Moreover, it seems that having to live under constant anxiety wreaked a physical toll upon some of the persons, as discussed below.

### **6.3 White-Collar Victimization: The Physical Impact.**

Some of the widowed individuals talked about how the deaths of their husbands were possibly accelerated as a result of the Maxwell scandal. For example, whilst Mrs Richards did not blame the Maxwell scandal directly for her husband's death (he had died from cancer), she did nonetheless think that it had accelerated his death:

*- Do you blame Maxwell for your husband's death ?  
No, but it had accelerated it there's no doubt about that. It changed him, it just absolutely changed him. You just had to stand by and watch him.*

Another widow also described how her husband was a 'changed man' as a result of the Maxwell scandal, and how this contributed to his early death:

*- Do you remember how you felt when you found out about the pension ?  
I was devastated because I knew Jack was worrying, it was making him ill and he was a changed person and he was very very bitter about it which doesn't help an illness does it ? He gradually went down hill in health.*

Mrs Wilson, also a widow, told me how she had experienced a lot of trauma with her husband in the past, such as their baby daughter having died. However, the Maxwell scandal seemed to affect her husband more than any previous trauma:

*He was getting so bad, so stressed about it, I mean he talked about it everyday. And when he didn't talk about it even if his (Maxwell) name came up he went potty. And he was a calm person really. I mean we've had our trials and tribulations and we've worked at them, we lost our only daughter when she was a baby and I thought that had shattered him but I never thought anything of money could worry him. **But of course it was our life together really wasn't it ? That we weren't gonna have.***

Mrs Atkinson said that the scandal made her feel like 'life's not worth living':

*- How do you feel about what he did to your pension money ?*



*Well it makes you feel at the time that life's not worth living if people like that are going to take that away from you.*

A few of the former employees said that they were aware that some individuals had died prematurely as a result of the Maxwell scandal. According to Mrs Francis:

*I understand that one or two committed suicide.*

Similarly, Mrs Mechen believed that stress had hastened the deaths of many pensioners:

*- Do you think it (Maxwell scandal) affected a lot of people ?*

*Well a lot of people have died definitely with the stress. One woman, I don't know if she's still alive or dead but she came down from Leeds and getting down on the coach for this big meeting she was a very distressed person. And another person she died before it was all settled, I'm sorry about her, she was writing letters to MPs and all that.*

Again, Mrs Love believed that:

*There's a lot of people died and they reckon a lot of heartbreak and trauma hastened their death.*

While Mrs Hunt said:

*I'm sure anybody that is the worrying type would have worried. I'm fortunate I don't take my worries. If I can't do something about it then what's the point in worrying? But there are people that it would worry them into the grave. I mean because my husband died of cancer during the campaign, I wouldn't say that his death was brought on any quicker because it probably wasn't, but he did worry and he worried basically that if anything happened to him would I have anything left of his pension? 'Cos years ago he always used to say to me you'll be alright when I'm gone.*

And according to Mrs Richards:

*A lot of people died stressed, it's a traumatic thing to happen to you isn't it? You haven't got a job, you're over pension age so you rely on a pension, money you've saved and people just didn't know which way to turn to, and a lot of people were still paying for their home.*

Researchers documenting the physical impact of physical and sexual violence upon individuals reveal that in some circumstances the trauma can lead to suicide (Dobash & Dobash, 1979; Hoff, 1990; Russell, 1990). Whilst there is no direct evidence that any of the former Maxwell employees did actually commit suicide,



some of the individuals maintain that their deceased spouses died prematurely as a result of living with the constant stress that the Maxwell scandal put them under. In this sense, the physical impact of employer fraud may be as severe as that of sexual and physical violence.

Researchers investigating the physical impact of physical and sexual violence document how victims may sustain injuries which may need medical attention (Burgess & Holmstrom, 1974; Stanko & Hobdell, 1993). In this particular case study, although there were no physical external injuries which the former employees suffered, there was a pervasive, long-term physical impact upon the well-being of some of the individuals, due to the constant stress that they lived under. This suggests that the physical impact of employer fraud may not constitute an injury as such which can be medically treated, rather it may involve a long-term detrimental impact upon an individual's health and well-being. Moreover, individuals' remarks such as *'he was a changed man'* and *'he talked about it everyday. And when he didn't talk about it even if his (Maxwell) name came up he went potty'* suggest that some of them were experiencing 'post-traumatic stress disorder' in the aftermath of the Maxwell scandal, since some of the symptoms of this include intrusive thoughts and feelings of detachment from others (Janoff-Bulman & Frieze, 1983). This illustrates how the impact of employer fraud against employee can be quite devastating. This is particularly interesting when one considers that the victimisation of the former Maxwell employees was 'at a distance'. This is because the pilfering of pension funds took place within the monetary sector and not in the individuals' own homes nor on their bodies. Unlike victims of physical and sexual assault, former Maxwell employees' bodies were not directly attacked. Unlike burglary victims, who often have to continue living in their burgled homes (Maguire, 1982), former Maxwell employees had no physical site at which their victimisation occurred. Yet the quotations above reveal that some of the individuals suffered a severe physical and emotional impact. In this sense, it can be argued that pension fraud can have a severe impact upon individuals, and this goes to the heart of thinking about what constitutes "security" in a post-modern era of "saving".



#### **6.4 White-Collar Victimization: The Psychological Impact.**

Researchers examining the impact of sexual and physical violence have found that some individuals will blame themselves for their plight (Bard & Sangrey, 1979; Dobash & Dobash, 1979; Miller & Porter, 1983; Kelly, 1988; Mezey, 1988; Glass, 1995). Janoff-Bulman (1983) suggests that placing blame upon one's own actions may be adaptive to surviving the violence. In this particular case study, on the whole there was little self-blame evident amongst former Maxwell employees. This is probably because the theft of their pension money occurred in the 'virtual space' of the monetary system, and so their actions or personalities had little or no impact on this (see chapter seven for a further discussion of how much control individuals felt that they had over events). Furthermore, as will be demonstrated in the next section of this chapter and developed later in chapter seven, many former employees viewed the security of their pensions to be the responsibility of the state and therefore did not tend to blame themselves. However, two of the individuals interviewed revealed that they blamed their own actions for the theft of their pension money. Mr Clifford blamed himself for having left the company which he originally worked for, thereby becoming a deferred pensioner:

*- Were you blaming yourself?*

*I was because I left the company and that put it into a deferred pension. If I hadn't left, it would have been transferred into the new BPCCC and I wouldn't have known any different.*

In the above case, Mr Clifford is blaming the fraudulent use of his pension money upon his own actions, in that he should never have left his original place of work. Janoff-Bulman (1983) argues that self-blame might restore a sense of control and thus help the victimised person to cope with their loss. In this instance, it can be suggested that through blaming himself Mr Clifford was perhaps attempting to cope with the impact of the theft of his pension money. Mr Nene also partly blamed himself for what happened. However, in the case of Mr Nene he blamed himself for not investigating the pension scheme at his place of work, since he was the foreman (or Father of the Chapel as it is called within the print industry) and he therefore feels that he had a responsibility to the 'boys' underneath him:

*- Do you blame yourself that you should have done more?*



*Yes yes I should have done more. But the terrible part of it was that I was the Father of the Chapel, I was the Father that the boys looked upon for some sort of guidance. And they have never accused me of this but I should have, I had means of getting in touch with people but you wasn't to know.*

This illustrates how Mr Nene's position at work influenced his psychological reaction to the Maxwell scandal. He felt that as a manager he had responsibility for his employees. The fact that he could not shield them from the impact of the loss of the pension scheme was another dimension to the tentacles of self-blame.

### **6.5 Pensions as Vulnerable Investments.**

As discussed in chapter two, according to social psychologists, individuals lead their lives around cognitive meanings relating to themselves and the environment around them. These consist of a belief in personal invulnerability and a belief that the world is comprehensible (Janoff-Bulman, 1983). A victimising experience can alter these cognitive meanings, leading to a sense of vulnerability, a general disillusionment with life (Maguire, 1982) and feelings of distrust (Katz & Mazur, 1979).

Through interviewing former Maxwell employees, it became apparent that prior to the Maxwell scandal, many of these individuals had believed that pensions are invulnerable, safe and cannot be 'stolen'. This is an interesting aspect to this case study, as it suggests that prior to the Maxwell scandal, pension schemes were viewed predominantly in terms of the financial and material security which they can provide. However, as soon as the Maxwell employees discovered that their investments had been stolen, many of them then viewed pension funds as potentially unstable.

Mrs Hunt said that prior to the Maxwell scandal:

*Never ever thought that the pension would be under risk. I always thought and my husband always thought that because he'd paid 6% of his wages all his life that that was being saved, you thought your money was safe.*

Mr Adcock believed that the law offered him protection:

*I suppose at the time I actually thought that the law would actually safeguard anything that was mine so I wasn't too worried about it, although I thought that Maxwell would do his best to get his hands on the money.*



Mr Field revealed that:

*I thought it was safe. I thought all pensions were safe. I thought it was one of those things that you joined and it was a full-proof system... I mean this was the first real big shock to everybody that pensions are not safe... From the outset it changed my view of the government and I thought that the government wouldn't allow this kind of thing to go on.*

Similarly, Mrs Wall said:

*I always thought that as far as the pension was concerned it was sacred that nothing could ever happen. I mean when Maxwell went overboard we were at a fireworks display and one of my closest friends he said, 'Don't worry about Maxwell, your pension's safe because no matter what happens to him' he said, 'they can't touch your pension so don't worry'.*

While Mr Smith argued that:

*We always thought it was safe. I mean the other companies that we were with were reputable companies you know and we just thought it was safe.*

According to Mr Nene, employees trusted their pension schemes and never questioned their administration:

*When I retired we had an auditor in charge of our little company and he called me in six weeks before I retired and said you've got this and that coming due to you and that was the only information I had of what I'd got to come. You never had anything in concrete. It was staggering, staggering, really staggering that we allowed this to go on with nobody making enquiries. - Why?*

*Because we were trusting, we were complacent. We had little advice and you know you were busy at work.*

Although Mr Ashton did not trust Robert Maxwell, he believed that his pension was protected by the state:

*I've always mistrusted Maxwell. But I felt that because pensioners were, to a large extent, the province of the state and they were hedged about with legislation, that there was very little Maxwell could do to make off with the money.*

And according to the Hughes sisters 'you never thought about it'. These quotations reveal that prior to the Maxwell scandal many of the Maxwell employees trusted their pension schemes. Some believed that laws and the government protected



them, whilst others seemed to assume that a pension scheme was safe. This may be because many of the individuals taking part in this study started work during a period of welfare-state consensus, and so they believed that their occupational pension schemes would be protected by the state, since the state was viewed as being the main provider of welfare. As will be illustrated later in this chapter, the Maxwell scandal forced many of the former employees to re-evaluate this assumption and to view pension schemes as being vulnerable and unprotected.

A small minority of former employees, however, suggested that they never trusted Robert Maxwell with their pension money, and would have liked to have had the opportunity to remove their pensions out of his schemes. For example, Mr Hutchinson remarked:

*When Maxwell said that he was taking over the firm and he said that your pension would be paid from Pergamon's then the hairs on my head started to stick up a little bit. I thought well, if he's handling the money there what's happening?*

And Mr Phipps revealed:

*When I left I said could I take all my pension. I didn't trust Maxwell more than I could see him. I knew about him from what I heard. But then they said oh you can only take up to £3,000, but you can't take all of it.*

While Mr Adcock said:

*I went for an interview with another company, this would have been in the 1970s I suppose and I didn't get the job but I talked to the chief executive of the company about his expansion plans for the company and it sounded as though they needed an awful lot of money and it looked as though the company was not particularly well capitalised. I asked him how would you finance expansion? And he said, 'Oh I'll raid the pension fund'. I thought my God if this guy can do it Maxwell will certainly do it. From that moment I tried quite hard to get my money out of the scheme and personnel people said you can't do that.*

Clearly, these three individuals would have liked to have had the opportunity of removing their pension money. At the time, however, they were powerless, as pensions could not be moved from one company to another as they can now be.



However, for those individuals who trusted their pension schemes prior to the Maxwell scandal, the fraudulent use of their pension money significantly altered their perception that a pension scheme is something safe and something that can be trusted. Many of the former employees spoke about their lack of faith in other pension schemes, as the following quotations reveal.

Mr Nene distrusts all pension schemes:

*But it's still airy fairy, all of these pension schemes are still airy fairy aren't they? If I had to start a pension again number one I would find out more about the pension scheme, number two I wouldn't put it all with the same one.*

Mr Smith revealed that he also distrusts pension schemes and that he continues to worry about them:

*I think a pension is a thing you should never have to worry about, it's a thing you should be looking forward to, but now you're worrying about whether it's safe all the time now, it's terrible.*

Mrs Wall currently works for a builder and after the Maxwell scandal occurred she had the following conversation with her employer:

*I work for some builder and when it all happened I said to him about the pension scheme. I said, 'Who administers your scheme?' And he said, 'We do' and he said, 'Well to be honest we borrow off your fund because the building trade is suffering'.*

Mr Atkinson argued that if the Maxwell brothers were found to be innocent then this would encourage other employers to defraud pension schemes:

*If these get away with it, if these get away with it others are gonna think oh yeah we can do that and get away with it and I think other pensioners are gonna suffer in the long-run. A lot of these firms unbeknown to you borrow money to put into the firm. If I was working again I don't think I'd go in a firm's pension fund, a private one or set the money up in a building society.*

While Mr Clifford had the following words of caution:

*I would warn everybody, don't do what we did, don't just assume because even if you're paying into a private pension don't assume. I've told everybody don't assume because you're working for British Rail, you're working for*



*Cambridge University Press that they are good companies and your pension's going to be honoured.*

Similarly, Mrs Francis worries about the younger generation and how unscrupulous employers of the future may defraud pension schemes:

*So it's an ill-wind that blows nobody any good and it makes you stop and think for others coming along, and I just hope and pray that all the younger people that are considering pensions will really look into the thing for their advantage when they're older because it's too late when you've signed a few thousand pounds away on one.*

Two individuals spoke about how the scandal had not only changed their beliefs about pension schemes but also the beliefs of their family members. For example, Mr Nene said:

*I said to my son Andrew, 'Have you got a pension?' And he looks at me and he said, 'You've got to be joking dad'. So I said, 'Why?' So he said, 'Well, look what happened to you'. So he is very anti any pension scheme now, any type.*

While Mrs Mechen said that the scandal had affected the way that her own children view pensions schemes:

*I think it's made them all think a little bit yes.*

According to the Hughes sisters, bus drivers would talk to them about the safety of their pension schemes in the aftermath of the Maxwell scandal:

*'Cos everybody talks about their pension. You've only got to talk to, we go on the buses and they (bus drivers) worry about their pension 'cos they wanted to know if their pensions were safe because they were took over you see. It's made everybody aware of the situation.*

The Maxwell scandal has thus had a significant impact upon many of the individuals' views (and in some cases the views of their family members and acquaintances) about the safety of pension schemes. In effect, the scandal has made them realise that pension schemes are risky and cannot guarantee a financially secure retirement.



Moreover, former employees' distrust of retirement schemes has extended to a general distrust of most financial institutions. Mrs Richards revealed that the Maxwell scandal 'made me very wary about all financial institutions'. Mr Hayes replied to the question 'Has the Maxwell scandal affected your view of financial institutions?' as follows:

*Yeah because now we've had this rigmarole and all the information back and all that they knew what they were doing. Take NatWest, they didn't have to be asked twice to give the money back they give us the money back straightaway.*

While Mrs Hunt said:

*I don't think now I would really put my trust in anybody. Now I go to the bank and I don't even trust them. I think the advice they give you, the building societies, any big company that you go to they're not giving you sound advice they're looking after Mr One first, they're looking after their own interests. And I think the same applies to the government and I think they're hitting the little people because the little people are the most vulnerable but the big boys, all these people are making millions but they don't touch them, they leave them alone.*

The Hughes sisters argued that:

*You don't know what's safe these days 'cos money's a funny thing isn't it? Investments it can go walkabout ever so easy money. 'Cos all these financial institutions, a lot of them are dicey aren't they? It's like that other one Nick Leeson, they're all in it.*

Mrs Walsh revealed:

*I do trust the building societies to some extent, not necessarily the bank because there's been a lot of bad publicity about the banks, about them collapsing and everything, it's a bit unnerving isn't it?*

While Mr Phipps argued:

*I think that banks in the main are very dodgy. I think that you have to really watch what you're doing when you go to a bank....I would sooner deal with a building society than a bank although building societies are making money but at least the money seems much more secure. I mean the case of Barings is speculation pure and simple, whether it's speculating on foreign exchange that is speculating with a vengeance. Ordinary members of that bank must have been very shaken when they realised that a lot of millions had just gone and that is what they do unfortunately they deal in foreign exchange and this is*



*how it goes, it's gambling with a vengeance really and I would never feel very safe if I had all my money in one bank.*

Mrs Francis revealed that not only does she not trust certain financial institutions, but also that her experiences with Maxwell have made her more aware of other scandals:

*I don't trust insurance companies at the moment because of all this trouble we've heard lately pensions they've got, they asked people to change their pensions to an independent personal pension, there were lots of nurses, there were people that had money coming in pensions and they said opt out of that and opt into one of these pensions and then they found out that they were losing out. I heard about it on the wireless cos I always have the radio on and Radio 4 has these programmes, comes up in Woman's Hour and later our pensions of course I got very interested.*

*- Has it (Maxwell scandal) made you more aware ?*

*Oh yeah much more aware, up to then I wasn't a bit interested because I never thought anything.*

Mr Clifford revealed that not only does he distrust financial institutions but he also has 'no faith in this country':

*- Has it (Maxwell scandal) changed the way you view financial institutions ? Insurances I just get them through the door and tear them up. I don't want to know, I'm not interested. I'm not even interested in banks or anything like that. I've got no faith at all in banks, insurances. In fact I'd go as far to say that I've got no faith in this country at all.*

While Mrs Richards said:

*I never had any doubts about the pension before Maxwell. It has affected my trust now. I don't have any insurance firms or anything like that. The money that I have is in National Savings and that's committed charge isn't it ? Hopefully. I won't buy shares. I know that my money's going into the stock market at some places, it must be mustn't it ? But there's no way that I would ever buy shares again. Our stock market isn't like it ever was. And even the Lloyd's names, I mean there's no safe institution anymore.*

And Mrs Hill said that she is more aware of other scandals now:

*- Would you say you're more aware ?*

*Oh definitely. I always read up in the paper, you read into it and you think God they're up to it here they're up to it there.*

The above quotations suggest that former employees' wariness of the financial industry as a whole stems largely from the loss of their pension money. Furthermore,



it seems that the Maxwell scandal has alerted some of the individuals to other financial scandals, which has in turn increased their sense of distrust towards the financial system even further. This is an interesting phenomenon, since it implies that employer fraud can reduce (former) employees' trust in economic relations. This may be detrimental to modern society, since academics have argued that trust is necessary for the economic system to function (Fukuyama, 1996). The results of this study seem to contradict other studies which have found that white-collar crime has little effect upon trust in social, political and economic institutions (Peters & Welch, 1980; Moore & Mills, 1990; Shover et al. 1994; Shichor et al. 1995). This may be because many of the former Maxwell employees taking part in this study trusted that their pension schemes were being administered honestly and correctly prior to the scandal, whereas in other instances individuals may trust that dishonest rather than honest behaviour is taking place, which means that any crime that occurs may merely confirm their expectations. Trust, it seems, may not only have a basis in regular honest behaviour but also in regular dishonest behaviour (Fukuyama, 1996).

The Maxwell employees' current distrust of financial institutions may be impacting upon their 'ontological security' (Giddens, 1991). This is a concept introduced by Giddens (1991: 36) who argues that 'ontological security' is a practical consciousness of the continuity of everyday activities. Mechanisms of trust underpin ontological security:

Basic trust is a screening-off device in relation to risks and dangers in the surrounding settings of action and interaction. It is the main emotional support of a defensive carapace or a *protective cocoon* which all normal individuals carry around with them the means whereby they are able to get on with the affairs of day-to-day life.

(Giddens: 1991: 39-40)

Where there is distrust, therefore, there may be ontological insecurity (Walklate, 1998). This suggests that employer fraud may undermine (former) employees' sense of safety, and may impact upon their sense of security. Indeed, former employees' perceptions that the financial system is wrought with insecurity



and danger has led to many of them engaging in avoidance behaviours, so as to reduce the possibility of being victimised by fraud in the future.

## **6.6 White-Collar Victimization: The Behavioural Impact.**

Chapter two discusses the changes in individuals' lifestyles which may occur as a result of being victimised by physical and sexual violence and property crime. For example, raped women may avoid the places where they were attacked (Scheppelle & Bart, 1983), while violent property crime may result in individuals resigning from their jobs or moving home (Indermaur, 1995). This study of employees defrauded by their former employer found that white-collar violations can also have a behavioural impact upon those persons victimised. Many of the former Maxwell employees that I spoke to talked about the avoidance strategies that they carry out, as a way of managing the danger posed by financial crime. Mrs Hunt argued that High Street banks are safe as opposed to smaller banks:

*It's made me more interested in what's going on. I'm more aware I would think twice is my money safe. I'm not a get-rich-quick person so the highest interest wouldn't bother me. Which is what a lot of people go for, so a lot of them have gone to these smaller banks because of high interest rates and they're the ones who have become a cropper. But I think if you're sticking with one of the High Street big ones you'd be quite safe.*

Mrs Nene argued that she never places her money in only 'one place':

*I never put it all in one basket.*

Similarly, Mrs Mechen believed that savings need to be spread around a number of different institutions:

*The only thing now is you haven't got to keep everything with the same one.*

And another pensioner, when asked about possible precautions to anticipate future problems, said:

*I do think you need to split your options. The only thing now is you haven't got to keep everything with the same bank.*

Mrs Nene told me that before the Maxwell scandal she used to invest in shares, however, she no longer buys any now:



*We used to buy shares. But we wouldn't buy any more now.*

The above quotations suggest, then, that like victims of physical or sexual violence and property crime, victims of employer fraud can carry out avoidance activities as a result of their victimisation. This empirical evidence substantiates Shapiro's (1987) suggestion that individuals might actively try and avoid becoming victims of white-collar violations through limiting participation in financial investments, through developing expertise themselves so as to outwit potential agent abuse, and through spreading risk by investing money in a number of different schemes and financial institutions.

### **6.7 Summary.**

The above analyses suggest that similar to victims of sexual and physical violence and property crime, victims of employer fraud experience psychological, emotional, behavioural, financial and physical impacts. In terms of the psychological impact, interviews with former Maxwell employees suggested that the scandal led many individuals to become distrustful of financial institutions in general. With respect to the emotional impact, former employees displayed anger towards what had happened to them and anxiety due to not knowing if their pension money would be paid to them. This led to a substantial physical impact upon some of the individuals, and cases of stress hastening the deaths of some individuals were reported. The interviews also suggested that in terms of the behavioural impact, many of the former Maxwell employees engage in avoidance strategies in order to reduce their chances of becoming victims of financial crime in the future. With respect to the financial impact, some of the individuals' pension money was reduced for a short period of time.

Employer fraud can thus have severe effects. But can the impact of employer fraud against (former) employees be compared to the impact of street crime and burglary? As some of the individuals caught up in the Maxwell scandal had been victims of both the former and latter types of crime I asked them whether they could compare their experiences.



The Hughes sisters revealed that they have been terrorised by teenagers living close by to their home. Cynthia Hughes said:

*At night you get loads of kids coming round and sometimes there's a bit of vandalism that goes on. This time last year we had half a tin of paint thrown at our front window. It took us two hours to clean our window.*

When asked which had a greater impact, the Maxwell scandal or her experiences with the teenagers she said:

*I think Maxwell stealing from the pension fund is worse because he done it without us knowing. He must have been milling the place ever since he bought it.*

In the above instance, Cynthia Hughes argues that she feels the Maxwell scandal had a greater impact. Her reasoning for this is that the theft of her pension money was carefully planned and that it was being carried out 'behind her back'. This suggests that for some individuals, employer fraud may have a greater impact than street crime, and that this may be because (former) employees feel a sense of powerlessness since their employer may be carrying out the white-collar violations without them knowing. Once individuals see that a crime has been committed against them they may thus experience a sense of intrusion. In the case below, Mrs Hunt also talks about the sense of powerlessness that she felt with respect to the Maxwell scandal.

Mrs Hunt had experienced a burglary:

*Once very many years ago I was burgled.*

*- Can you remember how you felt at the time ?*

*Oh dreadful because for a whole family to sleep through it, and he'd got in through the kitchen window at night. He pinched even a box of chocolates and he wiped his feet, he took the clothes off the clothesline. He took all the money from my handbag which I'd left downstairs.*

When asked how could she compare the experience with the burglary with that of the Maxwell scandal she replied:

*No. Totally different. The Maxwell thing you felt as if you were going along on a wave, you couldn't do anything about it, you just had to accept all the*



*consequences, there's nothing that you could do on your own, unless you were part of a huge group.*

In Mrs Hunt's case, her sense of powerlessness came from being unable to change the consequences of Maxwell's actions on her own, rather, former employees were forced to form action groups.

For Mrs Hill, the impact of the Maxwell scandal was greater than the impact of a previous burglary:

*Well they were swines that done it (the burglary) but I never swore like I swore about Maxwell, because I thought he was a criminal, a real criminal. I know there's children and youngsters and that pinching and all that, from homes, but I do believe that he (Maxwell) was a far bigger criminal than them.*

Similarly, Mr Phipps who had been burgled said:

*I think in a way you obviously regard the pension one as being the greater loss than being burgled.*

Mrs Richards had been burgled, when asked how that compared with the Maxwell scandal she answered:

*No, it's nothing like it. That's (the burglary) a one off thing that you don't think about much. I was shocked but I didn't think too much about it, I got on with my life. But I couldn't get on with my life once Maxwell came, because it was there, **it was there everyday of our lives. It was haunting Jack and his distress was haunting me.***

For Mrs Richards, then, the burglary was a one off event which she had lived through. The Maxwell scandal, on the other hand, was not a one-off event which she could forget and carry on with her life. Rather, the Maxwell scandal lasted over a number of years and so it had a more pervasive, serious affect upon her own and her husband's life.

Mr Smith's car was 'broken into' and he said:

*I had my car broken into, but I was more angry about my pension.*

While Mr Adcock had been physically assaulted:



*I was actually beaten up quite badly in Oxford, the police were called and everything. They never caught the guy.*

When asked how the impact of that incident compared to the Maxwell scandal Mr Adcock said:

*I didn't lose five minutes sleep over the assault which is very interesting. But I have actually worried about my pension, I have lost sleep over it, I do actually think that it does really affect me, it affects me fundamentally, it affects me long-term.*

Mr Adcock thus reiterated Mrs Richards' opinion that the Maxwell scandal had a long-term, pervasive effect on his life.

Mr Brooks, who had been burgled said:

*I think Maxwell is worse. I mean look at all the people it affected. I mean a burglar comes in he only affects one person, whereas Maxwell affected twenty-five thousand. It affects a lot of people mentally as well doesn't it? That's the problem.*

In the above case, Mr Brooks pointed out that whilst a burglar may affect only the people who live in the property, Robert Maxwell affected twenty-five thousand. He also suggested that the Maxwell scandal had a severe psychological impact on former employees.

The above quotations reveal that some of the individuals taking part in this study had not only endured the defraudulent use of their pension money but had also experienced physical violence, property and car crime at some point in their lives. When asked about how they compare their experiences of Maxwell with that of their other experiences with crime, many of them argued that the Maxwell scandal had a more severe impact. One explanation given for this was that the Maxwell scandal had made them feel powerless. This was due to two reasons: at the time that their pension money was being defrauded the pensioners were unaware of this; and once the news had been broken that the pension funds had been raided there was little that any individual could do to recoup the losses. In this sense, therefore, the experience of being victimised by a (former) employer may be different from being victimised by street crime. Employer fraud against employee may occur at a location far removed



from the victims' daily lives, particularly when individuals retire and their former employers defraud their pension schemes. This may mean that victims feel powerless (a) to prevent the crime from occurring and (b) to act in the aftermath of the crime in order to restore their lives. Hence the impact of employer fraud may be felt more severely by individuals than the impact of street crime. Furthermore, employer fraud may be more severe than victimisation by street crime in terms of the time period that individuals have to endure the effects of the crime. Some of the former Maxwell employees spoke about how they had to live with the uncertainty around the payment of their pension money over a long period of time, whereas in the case of their experiences with street crime they argued that they could carry on with their lives within a short period of time. Finally, Robert Maxwell affected thousands of people, whereas an incident of street crime often involves substantially less victims. In this sense also it can be argued that white-collar crime has a more severe impact than street crime. Indeed, researchers such as Sutherland (1949), Box (1983) and Pearce & Tombs (1992) have argued that the (social, financial, physical) costs of white-collar crime dwarf those of street crime.

Victimisation by employer fraud also provides a wider context within which to assess impacts from crime. As illustrated in chapter two, researchers have studied repeat victimisation predominantly in terms of physical and sexual violence and property crime (Canada Solicitor General, 1988; Farrell & Pease, 1993). However, as this study suggests, individuals victimised by white-collar violations may also experience physical and sexual violence and property crime, and vice versa. This means that an analysis of repeat victimisation can also include white-collar crime victimisation. In this way a more accurate picture of the extent of victimisation might be obtained.

## **6.8 Conclusion.**

This chapter has examined the impact of the Maxwell scandal upon former Maxwell employees. Results reveal that there has been a substantial impact in terms of the psychological, emotional, behavioural, physical and financial costs endured. However, the results presented in this chapter also illustrate that an understanding of employee victimisation cannot be reached merely by applying the results taken from



research studies examining the impact of physical and sexual violence and property crime. This is because the results presented here suggest that employee victimisation may in certain respects contain features which are not evident in instances of victimisation by physical and sexual violence and property crime. For example, the ways in which individuals find out that they have been victimised may differ, also the context of their anxiety and avoidance behaviours. This means that greater attention should be focused upon employee victims in order to more fully document the impact of this on their lives, and thus to explore more fully 'white-collar victimisation'.



**Chapter 7: ‘Structure’, ‘Agency’ and White-Collar Victimization: locating the structural context to former Maxwell employees’ experience of victimisation, and documenting the actions which they have carried out in order to mitigate the detrimental impacts of the crimes committed against them.**

**7 Introduction.**

As highlighted in chapter one, many researchers analysing victimisation have included an analysis of ‘structure’. Structural constraints, it seems, impact upon individuals’ lives (Walklate, 1992) so that when documenting and analysing victimisation, structural processes have been considered. For example, feminist research (Griffin, 1988; Kelly, 1988) has examined victimisation in terms of the ‘structure’ of patriarchy, whilst Marxist viewpoints (Quinney, 1972; Friedrichs, 1983) have analysed victimisation in terms of the ‘structure’ of class based around the means of production. Many victimological standpoints have also included an analysis of ‘agency’ (Amir, 1971; Hindelang et al. 1978; Cohen & Felson, 1979; Dobash & Dobash, 1979; Reiman, 1979; Quinney, 1980; Kelly, 1988; Matthews & Young, 1992; Mawby & Walklate, 1994) due to a recognition that not only do people live within structural constraints, but they may also act upon and actively resist them (Walklate, 1992).

As part of an investigation into ‘white-collar victimisation’, this study attempted to document the structural location of individuals affected by employer fraud. At the same time, individuals’ ‘agency’ was considered through examining how some of the individuals resisted the structural constraints which surrounded, and impacted upon, their victimisation. With respect to the Maxwell scandal, the individuals that were interviewed revealed that they had all been previous employees of Robert Maxwell and that they were all members of Maxwell-run pension schemes. Hence it seems that ‘employee’ and ‘investor’ are two important dimensions to the structural location of these individuals. This chapter will illustrate that understanding the structural location of these individuals was of fundamental importance to developing an understanding of their victimisation. That is, in order to understand the full significance of the fraudulent use of pension money by Robert Maxwell for the



individuals taking part in this study it was necessary to consider their structural context. The individuals that I interviewed also all belonged to a Maxwell Pensioner Action Group. This means that many were involved in campaigns to gain recognition from the government so as to win compensation. This aspect of their victimisation will also be examined.

### **7.1 Maxwell Pensioners as Employees within the Print Industry.**

The individuals taking part in this study had all been working for Maxwell-owned print companies in Watford and Dunstable and their surrounding areas. Robert Maxwell was not only regarded by these individuals as the person who defrauded their pension schemes, but was also considered to be their former employer. As such, underpinning individuals' accounts of white-collar victimisation was talk of their work experiences and their relationships with Robert Maxwell. Many of the individuals spoke about the changes taking place to the print industry since the 1970s, changes which it could be argued mark the transition from 'modernity' to 'post-industrial society' (Bell, 1976). However, for these individuals, Robert Maxwell was an integral element to the changes taking place in print, since many of them accused him of 'asset-stripping' their companies and 'not caring' about the future of the print industry. Interviews reveal that an important wider context from which to understand the impact of the Maxwell scandal on individuals' lives is that of their lives as employees of the print industry working for Maxwell-owned companies.

#### **7.1.1 Print.**

Since the introduction of the first printing press in 1450 (Steinberg, 1996) print has been a craft, requiring skilled craftsmen to operate the machinery (Cockburn, 1983). Taking the latter half of this century, in 1950 in general printing, which involves printing stationery, maps, catalogues and securities, sixty-two per cent of employees were skilled, fourteen per cent were non-craft employees, and twenty-four per cent administrative, technical and clerical personnel (Gennard: 1990: 4). Moreover, although mechanical composition was replaced by photocomposition processes in the mid-1950s, this did not bring about a significant change in the work experience for printers. This is because the same number of compositors was required under this new technology as under the older technology, and furthermore, this new



technology did not reduce the level of skill required in operating it. Moreover, increased efficiency did not mean increased unemployment among print workers as this was offset by increases in demand for printed material (Gennard, 1990).

Reflecting the craft-based nature of the work, printing trade unions have traditionally been organisations based around the different crafts involved in the print process. For example, the London Society of Compositors consisted of London-based compositors, the Monotype Casters and Typefounders' Society worked with monotype casters, and the members of the National Society of Electrotypers and Stereotypers consisted of individuals who were involved in the production of letterpress printing plates. However, in 1964 the National Graphical Association (NGA) was formed and many of the unions were amalgamated into this. Amalgamation was the result of technological developments blurring job boundaries, increasing product market competition, the decline of London as a printing centre, and the realisation by unions that they could no longer pursue improvements in wages and conditions in isolation from other unions (Gennard, 1990). The local organisation of a union is the chapel, and the shop steward of that is known as the Father of the Chapel.

For the former Maxwell employees living in and around Watford and Dunstable, print was an important employer. Thus, Mr Clifford, who spent thirty-five years working for the Sun Printers in Watford remarked:

*Watford was print, there was no doubt about that. Watford was a very rich town and it was made rich by the printing that was down there.*

Mr Field argued:

*Watford was the printing centre of the country. I should think that 95% of people working in Watford worked in print.*

While Mrs Richards said:

*In Watford, every other person you knew worked somewhere in the print industry.*

And according to Mrs Hill:



*There were so many people worked for the print industry. That was jobs that people enjoyed.*

Jobs were in high demand. The main way of becoming employed was by word of mouth, whereby a relative or friend who was already working at the print company would find out that there was a job available there, and then ask the manager if they could bring along their relative/friend for an interview. This was the main way that the former Maxwell employees I interviewed gained employment. For example, Mr Atkinson revealed how he found employment through his stepbrother and sisters who were all working for Waterlows (a printing company) at the time. Similarly, Mr Hill found a job at Waterlows through an old friend, thus:

*I happened to meet one of my old friends who said there was a job going at Waterlows. So he said fill in an application form and go for an interview, which I did.*

And Mrs Love, who worked at Waterlows for twenty-one years said:

*It had the reputation you never got anywhere on the print unless you had relations (in the industry).*

Many individuals started work in the 1930s, 1940s and 1950s, as apprentices. For some, the Second World War interrupted their training as they joined the services. However, when they returned home from the War, their apprenticeships and jobs were subsequently reinstated:

*I joined up and so my apprenticeship was void. And so when the war was over you went back and you picked up the business, because they had to re-employ you that was the law.*

As with many other types of industry in the industrial era, communities formed around such major employers. The former Maxwell employees taking part in this study lived close to the print firms where they worked. Through being part of these firms, therefore, they were able to get to know their neighbours. For example, Mrs



Hill worked for Waterlows in Dunstable, and during her interview she described how she met her husband at work. Her mother had worked for Waterlows before her:

*When she (my mum) was a girl they used to call Waterlows the Dunstable Finishing school because so many girls worked there.*

Mrs Richards' husband was a male nurse at Sun Printers in Watford. Their shopping trips into Dunstable and Watford would involve meeting many people from that firm:

*If we used to go shopping everybody would stop him and I'd say who's that? He'd say oh they work at Sun Printers.*

Mrs Hill also described how workers would drive to work together:

*The men all used to travel four men in a car. They used to take turns each so you only drove once a month*

Amongst these communities there was a popular belief that print was a well-paid, stable industry to work for. Mr Atkinson, who began working for Waterlows in Dunstable in 1938 revealed how print meant job security:

*We was a good industry. I mean people used to say oh if you're in print you've got a job for life, you'll never be out of work.*

Similarly, Mr Nene's entire family was employed in print:

*I came into printing because my father was a printer. So I came into printing, my brother came into printing, my sister came into printing because my father was in print. You could see your father got a certain amount of stability and you wanted that stability.*

Despite the prosperity of the print industry, however, by the 1970s the manufacturing sector was diminishing in Britain (Lasch & Urry, 1987; Newton & Porter, 1988) and so the print industry experienced decline in line with other British industries. Intensified competition from foreign imports, together with the rise of in-plant reprographic departments meant that much work was taken away from British



printers (Marshall, 1983). Labour has had to bear the brunt of increasing competition and computerisation, and massive job loss has been experienced as a result. For instance, in the first nine months of 1981 ten thousand jobs were lost in general print, and during the period 1973-83 the printing corporation British Printing and Communications Corporation shed over one third of its work force whilst at the same time maintaining its level of output (Marshall: 1983: 48).

Interviews with former Maxwell employees revealed that they have witnessed the decline of print. More significantly, former employees related the changes taking place in print to the wider social context, whereby they would talk about the factories which have been closed down in their local areas. For instance, a common theme which featured in the interviews was that of how the local landscape has changed, due to large manufacturing firms being closed down and supermarkets being built in their place. Mr Atkinson said:

*They're building houses on the old Waterlows factory site. It's a shame to see, you know you see it and you think to yourself, oh what a waste.*

And Mrs Walsh remarked:

*Just down the road there was a massive vehicle trucks factory, that's now Sainsbury's. On the other side of the road was Renault Trucks, that's shut down.*

Similarly, Mrs Mechen described Dunstable as being a 'dead' town now, due to the closure of all the big factories which used to give work to thousands of people. Many individuals listed the print firms which were situated in Dunstable such as Ben Johnson's, Crosses and Waterlows. These have either been closed or reduced in size. For example, Mr Smith, a machine press operator said that:

*There used to be loads of print in Dunstable. There used to be three or four real big firms, gone now.*



There was also the belief amongst the former Maxwell employees that out-of-town shopping centres have led to the decline of Dunstable town centre, as the following quotation from the interview with Mrs Hill illustrates:

*The supermarkets are taking over. They're selling everything that one could possibly want, so instead of going to the town and walking round the shops you now go to one place.*

Many of the individuals displayed nostalgia towards their local communities. This involved them looking back fondly to the past, believing that recently things have changed for the worse. For example, Mr Field, who was a proof reader at Index Printers in Dunstable said that:

*Dunstable was a small place, you knew everybody, it was friendly. It's changed a lot, you've got these new communities in the town.*

And Mrs Hill, when describing her work at Waterlows observed that:

*Everybody enjoyed it. Everybody says now think what we had and how we enjoyed it. But people haven't got that attitude at work now have they?*

This kind of nostalgia reflects that found amongst the elderly people living in Manchester and Sheffield in Taylor et al.'s (1996) study, thus:

Echoing through the discussions was a powerful sense of the world of industrial work and its associated sense of community, now lost to 'progress'.

(Taylor et al.: 1996: 247)

The nostalgia exhibited by the former Maxwell employees towards their early work experiences and local areas illustrates that they too are grieving for an industrial age, when jobs were relatively safe and communities were held together by large employers. During a time of fundamental change, nostalgia places individuals inside a protected past, and is used as a way of talking about current transformations (Taylor et al. 1996).



The decline of the printing industry has precipitated take-overs, whereby financially strong groups have taken over weaker companies and liquidations to then sell off their assets. Robert Maxwell provides an example of such aggressive take-overs, since the British Printing and Communications Corporation, one of Europe's largest printing groups, was bought up by Maxwell who then reduced the workforce by half in a process of rationalisation (Bower, 1994). Robert Maxwell built up a business empire and the printing companies where the individuals taking part in this study worked, were part of this, and therefore subject to the manipulations of Robert Maxwell. Former employees' memories of print were often intermingled with memories of Robert Maxwell. Many individuals regarded Maxwell as being an egomaniac, and a highly unpleasant character to work for. Interviews were rife with stories of Robert Maxwell flexing his muscle to the detriment of workers. For example, Mr Clifford described an instance when Robert Maxwell arrived at the print works at three o'clock in the morning, and demanded that the presses be run to full capacity:

*He looked at the clock and he said, 'Why is this running at 28,000 ?' So we said, 'You're not, you're running at 56,000'. He said, 'I'm not stupid I can count. That says 28,000'. So we explained to him yeah, but you're getting two copies for every revolution. He said, 'When I say I want that press running at 56,000 an hour I want it running at 56,000 an hour'. So we said, 'Alright'. Up it went, it got to about 50,000 and then suddenly it went bang.*

While Mr Atkinson remarked:

*Everybody was frightened to death of him.*

Mr Nene said:

*You kept out of his (Maxwell's) way. You certainly weren't around when he was around. We were well insulated by our union, he couldn't smash it. He sought the union's backing on certain things, and then on others he was working against the unions, that was the cleverness of Maxwell.*

While Mr Love told the following tale:

*He was a bit of a bully. We had a meeting in the canteen and one boy asked him was he going to sign this contract with (company name) and he says don't*



*stand there come up here, and he took him on the platform and he was asking him all kinds of questions to make him feel small.*

Mr Adcock had had a disturbing encounter with Robert Maxwell:

*There was a meeting which Maxwell gatecrashed and he started balling people out involving me. It was impossible to deal with him rationally at that time, his eyes closed up like nasty piggy slits, he was really horrible. I mean I think if I'd have had a weapon handy, if I'd been able to put my hands on a baseball bat I might have gone and smashed his face in.*

The former Maxwell employees in this study talked about how, as soon as Robert Maxwell bought their companies, redundancies were made. Robert Maxwell was therefore not only someone who defrauded former employees of their pension money, but was also regarded as being an asset-stripper, unconcerned with the print industry, interested only in making money for himself. For instance, Mr Clifford revealed:

*Mr Maxwell, when he took over, he came in saying that he was going to be our saviour, he was going to be the man to get us out of trouble. He said 'I will make you the richest printers in Europe'. The first thing he did was sack I think about 500 men.*

While Mrs Richards observed that:

*Maxwell was asset-stripping. He seemed to me to always buy up companies that were in trouble and then rob them of their assets.*

Mrs Hill argued that:

*He was buying up everywhere and using their assets wasn't he ? Selling it all off.*

Similarly, Mrs Richards said:

*Maxwell took over the company and it was a buy-up. It was really asset-stripping because Sun Printers had lovely sports grounds and he thought the company had all these things and then he could just get rid of the company, which he finally did.*



Mr Nene also argued:

*But Maxwell only came into these companies, he didn't actually run them. They were desperate to get rid of them and he acquired them for peanuts really, and he just asset-stripped them then, thought what have we got here ?*

While Mrs Richards said:

*Maxwell was only there to take money, he wasn't there to make it for the industry. I mean he's let it go to pieces really.*

Mr Brooks, who worked for twenty years at Sun Printers, described how Robert Maxwell started reducing costs as soon as he bought the company:

*We had a nice canteen run by people in the printing unions, and he (Maxwell) closed that down immediately to save money. He brought in outside caterers and all that was was a cabinet with ready-made meals and a few microwave ovens.*

Again, Mrs Atkinson related the decline of print to the time when Robert Maxwell bought the company where she worked:

*When Maxwell took over that's when it went downhill fast. He didn't care two hoots.*

The individuals interviewed here were strong supporters of their unions, although many believed that the Thatcher era had eroded much of the power which trade unionism had. Mr Clifford, for example, compared the crushing of the print unions to that of the destruction of the miners:

*The printing unions were always pretty strong. The miners had already been crushed and then it was Maggie Thatcher's turn to crush the print unions. If she could bust the miners and the printers she knew that she was changing the whole country's system.*

Interestingly, Mrs Mechen, whose husband was a letterpress printer at Waterlows, related the loss of union power to the theft of her pension money. For her,



it was the Conservative government's fault that Robert Maxwell stole the pension money because it was this government which had changed trade union laws:

*I said to our MP, 'It's the Conservatives' fault all-round'. He said, 'Oh you can't blame the Conservatives for what one man does'. I said, 'Well I can and I do'. I said, 'In the first place they put in all these new laws about the trade unions. If that had not happened the unions would have been fighting Robert Maxwell and it wouldn't have happened'.*

The support of trade unionism by former Maxwell employees clearly reflects their working-class origins and the solidarity which they felt as workers. Their reflections upon union power echoes the real reduction in union power which has occurred over the last twenty years. In the past, printers had considerable influence over matters such as wages, the numbers of hours worked, the number of apprenticeships on offer and so forth. Over the last twenty years, however, the number of print unions, and subsequently union membership, has decreased, allowing managers to assert control over the work process more readily (Cockburn, 1983). The reduction in the number of workers belonging to print unions reflects the overall decline of membership in trade unions in Britain. Since 1979, unions have lost twenty-one per cent of their membership (Kelly: 1990: 31).

The quotations above illustrate that to the former Maxwell employees taking part in this study, Robert Maxwell was not only a person that fraudulently withdrew pension money out of their pension schemes, but he was also their employer. Moreover, he was regarded as an asset-stripper who was unconcerned with the print industry that the individuals had spent so much of their lives working for. When discussing the impact of the Maxwell scandal on these individuals, therefore, it is not possible to separate out their experience of being victimised from their structural location as employees working for a fraudulent employer, since individuals' accounts of the Maxwell scandal were littered with accounts of their working lives and the influence that Robert Maxwell has had on these. A further interesting point to make is that individuals argued that Maxwell deserved to be severely punished for the crimes that he had committed. Part of their justification was that Robert Maxwell was a successful businessman and therefore should have 'known better'. Mrs Nene had been burgled, but she considered the crimes by Maxwell to be worse because Maxwell



'knew different'. This view echoes many other individuals' views that street crime and burglary is committed by youth who have no money and little opportunity, and therefore their behaviour can be understood. Maxwell, on the other hand, cannot be understood since he was wealthy and a successful businessman. For example, Mrs Mechen, whose car was recently stolen by youths, revealed:

*He's (Maxwell) an intelligent man. These others were only children who were perhaps doing it on the spur of the moment, or for a lark. They should know better but the way they're brought up in some areas. But somebody that's had all that money and control of businesses should be setting a good example. I think that's a worse crime.*

Similarly, Mr Adcock had been assaulted on three separate occasions, and when asked to compare those experiences to that of the theft of his pension he said:

*I always feel that when I've been assaulted it's at the hands of someone who's socially inadequate and hasn't really got much going for them. When I get rooked by people like Maxwell I always feel that there's no excuse, absolutely no excuse, no justification, no reason.*

While Mrs Hill argued:

*I know there's children and youngsters and that pinching and all that, from homes, but I do believe that he (Maxwell) was a far bigger criminal than them.*

It seems that many of the former employees felt a sense of outrage that their employer should abuse his position of trust and commit crimes against them. An interesting aspect of this case study is that one of the former employees revealed to me how he was explicitly asked by Robert Maxwell to engage in white-collar violations during the course of his work for the company. Mr Adcock spoke about how he tried to avoid doing this:

*There were several occasions when Maxwell wanted me to do things and either I didn't do them or I made sure they didn't work. One specific thing. One aspect of the computer system was they kept track of the stock. And Maxwell actually wanted me to set up a system for loading dummy stock, that is, stock that didn't exist in the system so that you could produce invoices because the system wouldn't allow the production of invoices which are legal documents unless there was stock there. I said, 'No' and he said, 'You've*



*absolutely got to'. So I started doing it, I did it very slowly and it happened that the auditors were there and I spoke to this auditor and he had a look at what I'd been asked to do. He actually made a comment in the report, he said, 'You mustn't do this or we shall disqualify the accounts'. So there was an example of how I chose a way to frustrate Maxwell.*

The above instance illustrates that not only can employees be victimised by the fraudulent activities of their employers, but also they can be coerced into engaging in illegal activity themselves. Again, it seems that the employer is in a structurally more powerful position than the employee since s/he can threaten her/him with the loss of a job. This is an interesting aspect of white-collar victimisation since this suggests that employees can be victimised in the sense of being forced to carry out illegal operations. However, the employee above managed to frustrate Maxwell's intentions, and this illustrates how individuals may act upon the situations that they find themselves in, and employees may thwart employers' attempts at engaging in illegal activity. Furthermore, the Maxwell case study illustrates how in cases of white-collar crime where the perpetrator is an employer and the victim is an employee, the relationship between victim and offender may last over a number of years and may form an important context from which to understand the employee's victimisation.

## **7.2 Former Maxwell Employees as Investors in Pension Schemes.**

The individuals taking part in this study were not only former employees working for Maxwell-owned companies, they were also investors in pension fund schemes. A further dimension to the structural context to their victimisation, it can be argued, is that of the monetary system and financial markets. Since the 1980s there has been a 'financial crime wave' in the UK (Coleman: 1994: 88) consisting of a large array of financial scandals such as the Guinness affair, Blue Arrow, Lloyd's, Maxwell, Barings and Morgan Grenfell, to name only a few. This crime wave has been linked to changes taking place in the 1980s within the financial industry in terms of its regulation and City culture (Stanley, 1992). These changes provide the context to the structural location of the individuals taking part in this study.

### **7.2.1 Financial Regulation.**



Up until the 1960s the regulation of banks was conducted on a non-statutory basis, operating upon trust whereby a 'gentleman's word was his bond'. The banking system was dominated by a handful of clearing banks which held over eighty-five per cent of all commercial banking business in sterling, and competition was restricted through the imposition of restrictive lending ceilings, and exchange and credit controls (Fforde, 1983). The Governor of the Bank of England used to be able to summon the leading bankers to his office for discussion within half an hour (Clarke, 1986), and methods of controlling behaviour included 'moral persuasion, raised eyebrows, the stern rebuff over drinks and the prospect of the cold shoulder' (Stanley: 1992: 48). Similarly, a club-like atmosphere existed in other areas of finance in the City. The Stock Exchange rule book banned foreigners from becoming members of the London Stock Exchange, which means that securities markets were run by a relatively small number of people, who could be regulated by the exchange rule book and a panel of senior members. This type of system could be sustained because City institutions were run by aristocratic or upper-middle class individuals, connected by similar education, experiences and outlooks. Knowledge of members' careers, family backgrounds and friends provided bases from which to evaluate individual agents, and the threat of exclusion from the City was regarded as being a sufficient deterrent against unethical behaviour and law-breaking (Clarke, 1986).

The Conservative government in the United Kingdom led by Margaret Thatcher pursued policies of free enterprise and competition, and so crushed the barriers which stood in the way of this. In 1979 exchange controls were abolished, and markets were opened to overseas investment. The Thatcher government also believed in a property-owning democracy, and so encouraged individuals to own shares and other types of financial instruments (Bosworth-Davies, 1987). The privatisation of the utilities such as British Telecom (1984) and British Gas (1986) increased the number of shares owned by small investors (Burton, 1994), and there was an expansion in occupational and private pension schemes, insurances and unit trusts. The increasing globalisation of financial services led to fears that the uncompetitive rules of the London Stock Exchange would force business to use other stock exchanges around the globe. Changes were implemented from March 1<sup>st</sup> 1986,



under what has been called the 'Big Bang', which reduced the restrictive practices which had previously been in place (Buckle & Thompson, 1992).

As soon as markets were opened to overseas investment, international financial institutions entered the City, and this meant that City agents no longer came from a similar background, so that similar attitudes and outlooks towards finance could no longer be depended upon as a basis for effective regulation. In 1981 Professor Gower was appointed to conduct a review of regulation in the financial services. The report stemming from this review argued that investors needed more protection than was currently in place under self-regulation. However, the report further concluded that self-regulation should continue to be the main form of regulation in the City, but that it should take place within a statutory framework (Burton, 1994). This conclusion reflects the opinion of many individuals working in the City, who oppose the kind of stringent statutory regulation in evidence in America under the Securities and Exchange Commission (Bosworth-Davies, 1987). The Conservative Government supported this view, as shown in the introduction to the White Paper on Financial services in the UK (1985) which states:

This does not mean excessive regulation. That would impose unnecessary monitoring and enforcement costs, and would stop or delay new services and products being developed in response to market opportunities. The Government therefore intend that the regulation of the financial services industry should be no more than the minimum necessary to protect the investor.

(Bosworth-Davies: 1987: 208)

The Financial Services Act 1986 provided the City with a statutory framework. This gave the Secretary of State for Trade and Industry statutory powers to regulate financial services. Many of these powers were handed down to the Securities and Investment Board (SIB), a private company which authorised self-regulatory organisations (SROs). The three main SROs consist of the Personal Investment Authority (PIA), which is responsible for the retail sector and the supervision of independent financial advisers, the Investment Managers Regulatory Organisation



(IMRO), which regulates fund managers and conduct of business regulation, and the Securities and Futures Association (SFA), which is responsible for securities houses and conduct of business regulation (Deputy Governor of the Bank of England, 1997)<sup>1</sup>. These issue licences to agents who deal in the investment instruments of their particular jurisdictions. Failure to abide by the SROs rules can result in a range of disciplinary measures being imposed, such as an individual's licence to trade being revoked, or that of an individual being taken to court on trial (Rider et al., 1987). The Department of Trade and Industry (DTI) supervises insurance companies, under the Insurance Companies Act 1992. Building societies are supervised by the Building Societies Commission, although many of the larger societies have recently converted to bank status (Deputy Governor of the Bank of England, 1997). Other agencies of control include fraud squad police officers, the Serious Fraud Office (SFO), Revenue Departments and the Fraud Divisions of Headquarters Casework of the Crown Prosecution Service (FIG) (Levi, 1993). Since 1981 financial ombudsmen schemes have also been introduced<sup>2</sup>. These schemes allow consumers to have their complaints heard by an independent agent who decides on a course of action. A further method of regulation in place was first introduced in 1990. This consists of a voluntary code of practice which banks and building societies choose to follow (Burton, 1994).

However, the large number of cases of fraud within the financial industry in the 1980s and early 1990s suggests that the system of self-regulation based on a statutory framework has been ineffective. In order to understand why this is the case,

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<sup>1</sup> The present Labour Government is transforming the regulatory structure which has been in place for the last twenty years. On October 28<sup>th</sup> 1997 the SIB was re-named the Financial Services Authority (FSA) and the supervision of banks was transferred from the Bank of England to this new body. Self-regulatory organisations are currently being merged into the FSA, which will be a single statutory authority with powers over banks, financial institutions, financial services and markets (Financial Services Authority, 1998). The Financial Services & Markets bill is planned to be passed through Parliament in 2000, and this will provide the FSA with new powers (FSA December 12<sup>th</sup> 1998). These changes are being put into place largely because the Labour Government and regulators believe that the nature of the financial industry has changed over the last decade. Banks have expanded into selling a range of financial products, buying securities firms, fund managers and insurance providers. Similarly, insurance groups have become bankers, and brokerage firms have moved into investment banking. This has meant that different parts of the same company have been regulated by different regulators. This has been inefficient, and created the risk of loopholes. Moreover, the system has been confusing for the general public. For instance, investors might buy a personal equity plan from an adviser regulated by the PIA but the product provider is likely to be policed by IMRO (Financial Services Authority, 1998). The Bank of England will, however, continue to play a role in supervision, since it will act as an advisor to the FSA (Bank of England, 1998).

<sup>2</sup> Not all ombudsmen are based upon a statutory footing. For example, the Banking Ombudsmen is not.



Stanley (1992) argues that it is important to consider City culture. The mid 1980s, it seems, signalled the rise of the 'Disestablishment' and the fall of the 'Establishment' in the City. The 'Establishment' consists of those individuals and institutions with power and influence, which shared values and used informal links to promote or defend values. The 'Disestablishment', on the other hand, are those considered to be outsiders, rule-breakers (Hodgson, 1990). This situation has arisen partly due to an 'enterprise culture' generated by the politics of the Conservative government in the 1980s (Stanley, 1992). Stanley (1992) argues that an atmosphere of greed pervaded the City during this era, and that a jungle mentality took hold of many individuals. At the same time, the homogeneity which had traditionally helped regulate the City collapsed, resulting in a wave of financial scandals.

It can be argued that the Maxwell scandal is an example of the culture of greed and the rise of the 'Disestablishment' in the City. Effectively, Robert Maxwell was part of the 'Disestablishment'. Robert Maxwell was born in a village situated at the Czech-Romanian border and arrived in England in 1940 (Bower, 1988). As such, Maxwell was not part of the British aristocratic or upper middle classes. Indeed, throughout his life Robert Maxwell argued that he was an 'outsider' and was never properly accepted by elite players in the City (Bower, 1994). Maxwell plundered pension fund money in order to prop up his business empire and also to pay off his personal debts which he had accrued through buying items such as a luxury yacht and a helicopter (Bower, 1994). Maxwell was, therefore, resorting to crime not only for business purposes but also to help finance his expensive lifestyle. In this respect, Maxwell symbolises the 'greed' and 'enterprise culture' within the City that Stanley (1992) highlights.

With respect to regulation, the economic philosophy of the state tends to be one of non-intervention in the markets, so that when scandals arise regulatory response is often slow and ineffective (Stanley, 1992). The Maxwell case study clearly illustrates how the acts and omissions of regulatory authorities and agents (lawyers, accountants, pension fund trustees) enabled Robert Maxwell to pillage the pension funds under his control. These allowed Maxwell to have the power and control he needed without scrutinising his actions too much, enabling him to use



pension fund assets as collateral on bank loans. The Department of Trade and Industry undertook an investigation into Maxwell's affairs as early as 1968 and published a damning report in 1971 accusing him of deception and creative accounting:

He is a man of great energy, drive and imagination, but unfortunately an apparent fixation as to his own abilities causes him to ignore the views of others if these are not compatible... We are also convinced that Mr Maxwell regarded his stewardship duties fulfilled by showing the maximum profits which any transaction could be devised to show... We regret having to conclude that, notwithstanding Mr Maxwell's acknowledged abilities and energy, he is not in our opinion a person who can be relied on to exercise proper stewardship of a publicly quoted company.

(Bower: 1994: 286-287)

Despite two more reports being subsequently published about Maxwell, these failed to stop him from being eventually voted back onto the board of Pergamon Press by shareholders and from there he rebuilt his career. IMRO also failed to stop Maxwell. A lawyer representing the Mirror pensioners wrote to IMRO because he believed that the pension funds were at risk. However, without investigating the fund's management, IMRO declared Maxwell to be an 'honest man' (Bower: 1994: 531) and allowed Maxwell to continue his manoeuvrings. Other agents involved in the Maxwell debacle were the commercial banks, which lent up to £1.6 billion to Maxwell without questioning his business ethics. The banks in question are reputable, established institutions and include Goldman Sachs, Credit Suisse, Lloyd's, NatWest, Credit Lyonnais and Barclays (The Times, 17th October 1992). The interesting response from the Governor of the Bank of England in the aftermath of the scandal was that whilst changes had to be made to accounting standards, corporate governance, the lending banks, the regulators and pension fund trustees, these did not have to extend to the whole framework within which these agents operated. This is because although people might yearn for a risk-free world, this would conflict with the financial prosperity which springs from deregulation and free competition (Leigh-Pemberton: 1992: 210). Indeed, this continues to be the philosophy underpinning



current regulation. The Deputy Governor of the Bank of England argued in 1996 that in financial markets, as in other markets, there is a role for the principle of 'caveat emptor' which means that investors and depositors are accountable for the transactions that they make, and should not therefore be given complete protection by regulators (Davies, 1996).

For the former Maxwell employees taking part in this study, regulatory intervention has been ineffective. Privately, many of the individuals interviewed believe that financial regulators are unable to detect, and then to successfully intervene and prosecute financial crime. For instance, many individuals thought that their pension schemes were defrauded due to the negligence of regulatory authorities, banks, and pension fund trustees. Mrs Wall expressed her astonishment at how the regulatory authorities allowed Maxwell to use pension fund assets:

*That regulator was set up I thought to stop anything like that happening, but I mean Maxwell seemed to have been allowed to do pretty much as he liked.*

Mr Phipps blamed the government and regulatory authorities when he said:

*The two supervisory bodies were IMRO and SIB and they were supposed to look after investments, in other words, see that no frauds is carried out. But obviously they didn't do it, they were absolutely useless you know. Then in our view it goes back to the Government because they allowed the scheme not to be completely overseen as it were.*

And Mrs Hunt pointed out that other people were involved in the scandal, since one man alone could not have induced the level of damage that Maxwell induced:

*A lot of people knew what was going on or had their suspicions, but nothing was done about it. At the end of the day, one man could not have done what he did.*

Stanley (1992) argues that the ineffectiveness of the regulatory framework suggests state symbolism and the legitimisation of deviance. The regulatory structure as it was prior to the changes currently being undertaken had only symbolic power, since it was inadequately funded, contained overlapping jurisdictions, with the lack of



any formally established lines of communication (Stanley, 1992). It will be interesting to see how the new regulatory structure being established by the present Labour government will work, and the impact of this upon the prevention and detection of financial crime.

### 7.2.2 Former Maxwell Employees as Responsible Investors.

The Maxwell scandal arose at a time when the Conservative party was in government, and so the Conservative government's approach to investment and pensions policy provides further context to the experiences of the former Maxwell employees. The Conservative political strategy between 1979 and 1997 was based on 'popular capitalism' which would transform every individual into a home-owner, shareholder, and portable pension owner. The Conservative government believed in reducing the welfare state, so that key elements in its strategy included freemarket forms of competition, deregulation, privatisation, and reducing the public sector's share in the provision of goods and services (Jessop & Stones, 1992). Under Conservative New Right ideology, free market relations must be restored and individuals must provide for themselves, since welfarism is believed to be inefficient and costly. Individuals must therefore cover themselves in case of sickness, unemployment, crime, old age and so forth, by providing themselves with private insurance schemes and other technologies offering protection. This means that individuals were no longer regulated in terms of collectivised risk but in terms of individually managing risk (O'Malley, 1992)<sup>3</sup>. Moreover, under the Conservative regime, individuals were increasingly viewed as investors responsible for their own

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<sup>3</sup> For the New Right, occupational pension schemes were problematic since individuals have very little control over these. Other objections lie in the way in which occupational pension schemes, and indeed the state pension, are structured, since these guarantee a certain amount of pension at the time of retirement, regardless of whether there may be insufficient contributions made by and on behalf of members, or whether investments have not yielded a sufficient return. This guarantee of a certain amount of pension, come what may, was questioned by the New Right, which believed that as well as being exposed to the benefits of a pension scheme, individuals should be exposed to the risks (Waine, 1992). Hence the personal pension was developed, which consists of a pension plan to which the individual and sometimes the employer contributes, the contribution being invested. The plan can be moved about from one job to the other and thus deals with the former problem of having a pension frozen if a person changed jobs. The final amount of the pension is related to the amount of contributions made, together with the investment performance of the plan, hence there is no guaranteed amount (Waine, 1992). This change occurred under an ideology of individualism and individual ownership, with an individual having the freedom to choose ethical investments if she/he chooses to do so. Of course, the problem that the private pension plan contains is that it breeds insecurity, since bad



actions, who should be aware of the risks involved when taking part in financial investment (Stanley, 1992).

The notion of individual responsibility has also firmly been in place within the regulatory framework of the 1980s and 1990s. Financial regulators have generally considered crime or deviance to be an acceptable risk for the financial system. This is because regulation itself has been considered to impose large costs upon the wider economy. For instance, the Bank of England considered the eradication of all fraud (or drugs money laundering) from the financial system to be an impossible goal to achieve, since this would require so much regulation that the freedom necessary for economic prosperity would be eroded (George, 1992). It has been argued by regulators that if financial institutions were to be rescued every time they collapsed, this would provide a disincentive across the market to take precautions against risks. Under such an approach, more cautious institutions would be penalised since these would be asked to help rescue failed institutions, and they would also be less competitive than institutions taking on board greater risks. Thus, it has been argued by regulators and economists, that too much regulation could create a disincentive to be prudent. Again, if depositors were to be compensated fully for their losses, then this would act as a disincentive for them to be cautious about where they place their money, thereby making it easier for dubious institutions to obtain deposits (Gowland, 1990).

A certain amount of systemic risk has, therefore, been regarded as being necessary and acceptable, since over-regulation imposes too many costs on the wider economy through ‘unduly *constraining* competition’ (George: 1992: 323). Indeed, under the present Labour government and the new regulatory framework being put into place it seems that regulators continue to suggest that the costs of regulation need to be balanced against the benefits, and that individual investors have some responsibility to avoid being victimised. For example, a document published by IMRO in 1997 argues that while attempting to protect the interests of the investor, regulation should also leave the financial industry free to exploit the qualities of

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investment performance might leave the pensioner out of pocket. The present Labour government has also adopted the personal pension scheme.



innovation and flexibility. Moreover, in the same document it is suggested that a key aspect of investor protection is that investors themselves have some ability to avoid the problems that can arise (IMRO, 1997). Similarly, the chairman of the Financial Services Authority suggested that the costs of regulation (for example, uncompetitiveness) must be proportionate to the benefits (Davies, 1998). Indeed, it seems that the Financial Services Authority considers risk from financial crime and mismanagement as being an acceptable risk for individual investors/depositors, since its primary objective is to aim to ‘strengthen *but not ensure* the protection of depositors’ (Financial Services Authority, 1998).

However, the notion of individual responsibility is problematic, since individuals often cannot act to avoid becoming victims of financial crime. Agents working within the financial industry are likely to have better access to more information than the investors, particularly when the investors belong to collectivities such as pension fund and insurance schemes (Shapiro, 1990). This means that fraudulent agents can hide information and carry out illegal operations without the knowledge or consent of investors. Therefore it is difficult to see how victims of financial crime can be held to be responsible for their victimisation. With respect to the Maxwell case study, the victims here did not have a choice in terms of the risks that they were exposed to. Robert Maxwell bought the companies that they worked for, thereby acquiring their pension schemes. This means that the risk that Robert Maxwell posed to the pension funds was to a large extent forced upon the individuals belonging to the schemes. Furthermore, since the victims here had worked since the 1930s it can be argued that they viewed pensions as being part of welfare provided by the state, and as such that their pensions were safe. Indeed, quotations from interviews (as presented in chapter six) illustrate that many of these individuals believed that their pensions were protected. The Maxwell scandal, therefore, has illustrated to them that their pensions are also at risk from fraudulent activity, as it seems that every investor is knowingly or unknowingly at risk.

Quite ironically, however, financial institutions aim at presenting an image of safety and security. For example, words such as ‘securities’, ‘insurance’, ‘credit’, ‘trust’, ‘fidelity’, ‘prudential’ and ‘equitable’ (Shapiro: 1987: 626) are used by



institutions and their agents. Upon looking at the prospectuses and leaflets which are provided by financial institutions for their customers, the language used and images shown symbolise security. For example, a leaflet issued by Barclays Bank is entitled 'Protection and Peace of Mind', while a leaflet published by the Halifax has a picture of a man sunbathing on its cover underneath which the words 'Insurance Cover' are printed. One typical approach of financial advisers (as I experienced as a potential client)<sup>4</sup> is to invite a potential investor to two interviews, the first being a general fact-finding session during which as much as possible is found out regarding an individual's circumstances. A disordered, chaotic world is presented to the individual, where one is at risk from becoming ill, sustaining an injury, or death. Nonetheless, it is suggested, such risks are manageable through sound financial investment, and so the second interview consists of the financial adviser giving her/his client advice regarding where they should invest their money. Hence whilst regulators acknowledge that system risk is inevitable and necessary, financial institutions aim at presenting the impression of security. Individual investors, therefore, may be unaware of the full extent of the risks that they are exposed to.

### **7.3 A Spatial Distribution of the Maxwell Scandal.**

Robert Maxwell acquired the assets of a number of different pension schemes to which various companies in his business empire belonged (Bower, 1994). For example, the individuals taking part in this study worked for printing companies in Dunstable and Watford and these belonged to the British Printing Corporation Group, later renamed Maxwell Communications Group (MCC) (Bower, 1994).

MCC constituted one pension scheme. Mirror Group Newspapers was another group of companies which paid into a separate pension scheme, similarly AGB Group constituted a further pension scheme (Maxwell Pensioners Co-ordinating Committee, 1992). Bishopsgate Investment Management was a Maxwell owned company which managed all of these pension schemes, and it was through this company that Robert Maxwell pillaged the funds (Bower, 1994). This means that a large number of individuals were affected (32,000) by the frauds which were carried out, and these

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<sup>4</sup> To gain an idea of how monetary products are sold to people, I posed as a potential client and was interviewed by financial advisers, working for either a commercial bank or a building society or being independent.



individuals lived in many different areas of Britain since the companies that they had worked for were situated in different locales - for example, in Leeds, Manchester, Oxford, Watford and Bristol (Bower, 1994). This case provides a clear example of how local populations can be directly affected by actions which are carried out within the world of finance.

The financial economy has become increasingly sophisticated through the introduction of new technology which has allowed transactions to take place across different locations and time zones (Giddens, 1991). Money can be shuffled around from country to country at the press of a computer button, a virtual space economic system (Chesneaux, 1992). This is an interesting aspect to white-collar victimisation, since it implies that in some instances, white-collar crime can affect thousands of people living in different areas of a country and living even in different parts of the world. This is quite distinct from victimisation by sexual and physical violence and burglary, since these crimes are committed within the location occupied by the victim (or that of their property), and a far fewer amount of victims are involved during the commission of the crime. The spatial distribution of white-collar victimisation is, it seems, quite different since it may involve the victimisation of large amounts of people living in separate locations. An enterprise which modern criminology has grown out of is that of the 'governmental project', which involves the documentation of patterns of crime and victimisation (Garland, 1994). The study of locale for the distribution of crime, criminality and victimisation has been embraced by a number of major theoretical criminological developments: environmental criminologies, feminist criminologies, administrative criminology and left realism. Criminology has thus been equipped to locate crime and victimisation within local, domestic environments, but ill-prepared to theorise about wider global structures. Yet in the case of white-collar crime, global structures may be particularly relevant.

#### **7.4 Former Maxwell Employees' Responses to their Plight.**

As illustrated in chapter three, victims of white-collar violations may be considered to be illegitimate victims, and so may not be offered any form of compensation (Mawby & Walklate, 1994). In some instances, victims may form a pressure group in order to try to receive a response from the government and/or



regulatory authorities. This is an interesting aspect to white-collar victimisation, since it illustrates how victims may try to mitigate the harm caused by the crimes which have been committed. As stated in chapter three, 209 cases of fatal injuries at work were reported in Britain between 1995 and 1996 (Health & Safety Commission: 1997: 4-7), and yet in the majority of cases employers are merely given fines to pay and are not charged with manslaughter (Bergman, 1994). Some of the relatives and friends of those who die, therefore, campaign for changes in the ways in which health and safety violations are investigated and prosecuted. For example, the Construction Safety Campaign campaigns for manslaughter charges to be brought in cases of work death. This pressure group lobbies Parliament and provides support for the relatives of those who have died (Elvin, 1995).

#### 7.4.1 Action as Agency.

Former Maxwell employees formed action groups in order to pressurise the government for a full recovery of their pension money. Action groups were formed according to the geographical location of victims, and groups straddled across the United Kingdom, in places such as Watford, Dunstable, Bristol, and Leeds. Action groups met on a regular basis in order to plan out a strategy. Action group newsletters were printed in order to keep all individuals informed of the developments of the case. Former employees also lobbied Parliament. Mrs Francis remarked that:

*We went up to London and marched, we had our own banners and it was quite exciting really because we felt we were doing something see.*

While Mrs Atkinson said that ‘*We played havoc at the Houses of Parliament*’.

And Mr Phipps revealed that:

*We had three coaches from Watford. Of course these action groups are all over the country, Wales, Bristol, Bath, Manchester, Sheffield, Leeds, everywhere because BPC it was a very large corporation.*

The individuals taking part in this study argued that if it had not been for their hard work (and in particular the hard work of Jack Clifford, the leader of the



Dunstable Action Group) pension fund money would not have been restored. For instance, Mrs Hill argued that:

*If it hadn't been through Jack Clifford and all the work he did lobbying Parliament and all the other things that were involved I don't think we would have got where we are today. I don't think we would have got our pensions back.*

Mrs Hunt argued that if it had not been for the lobbying of Parliament, the scandal would have been 'covered up':

*I always thought it was one big cover up and if it hadn't been through the little people lobbying Parliament this would have gone on, the pensions would have dried up and we would have been forgotten. But it's because the people got together and wouldn't let it rest that we are where we are today.*

Mr Adcock said that:

*I think they (government) were embarrassed into doing it. I think they would much rather it had gone away.*

While Mrs Richards also believed that it was due to their actions that compensation was provided:

*We were determined that we wouldn't let it die. They were very very reluctant in the first place to have anything to do with it and so we had to push them (government) along.*

However, the hard work which campaigning required wreaked a toll on the action group leader, Jack Clifford. He argued that he was physically and mentally exhausted, having to combine full-time paid employment with campaigning:

*It was worth it, but I would never go through it again. I couldn't face it again. When we first started the campaign we used to sit up here until one or two in the morning. And then I was working, and it was killing me.*

The above quotation illustrates the hard work often involved in campaigning, and the impact which this can have on victims. This is another interesting aspect to this particular case study, as it seems that a further dimension to white-collar victimisation is that of victims pressurising the government for a response to their plight and the physical and psychological toll which this can wreak.



The Government finally created a £2.5 million loan to the Maxwell pension schemes in order to pay pensioners their monthly payments for as long as possible whilst the liquidator investigated the missing funds. At the same time, the Maxwell Pensioners Trust was established, headed by Sir John Cuckney, which received up to £6 million in donations to help out the pensioners (Maxwell Private Companies Pension Fund Members' Association Newsletter, July, 1992).

Following the Maxwell scandal, a Pension Law Review Committee was established to examine reform into pension law. This committee was chaired by Professor Goode, and it delivered its report on 29th September 1993. The Government responded with a White Paper in June 1994 and the Pensions Bill 1995 was then passed through Parliament. This Act contains many regulations and so for the purposes of this project only those most relevant to the Maxwell case shall be examined. Five mechanisms have been put into place by the Act to try and reduce the likelihood of another Maxwell scandal occurring. Firstly, the Pensions Act puts in place an obligation for pension schemes to appoint member nominated trustees. This means that at least two (one in small schemes of fewer than 100 members) trustees have to be nominated by the members of a scheme rather than by the employer. Secondly, a minimum funding requirement has been established. Prior to the Pensions Act 1995 there was no legal requirement for an employer to fund a pension in advance. This means that an employer was able to promise a pension to an employee and not required to pay until the date that the employee retired. Under the Act the solvency level of a pension scheme must be calculated at least once every three years, and where solvency falls to below the 90% level of the scheme, solvency to the 90% base level must be restored within one year. As far as using pension money to invest in employers' assets is concerned, the 1995 Pensions Act will follow the 1992 Occupational Pension Schemes Regulations 1992, whereby investment by a pension scheme in the employer's business or undertaking is restricted to not more than 5% of the current market value of the pension scheme's resources. The Pensions Bill 1995 also provides for the creation of a pensions regulator called the Occupational Pensions Regulatory Authority (OPRA). This authority will generally act in a responsive, rather than a proactive, manner towards complaints made



regarding the administration of pension schemes. Finally, the Act establishes a compensation scheme, which covers losses in cases of fraud, theft or dishonesty where the employer is insolvent. Significantly, the compensation scheme does not cover losses incurred as a result of incompetent administration or breach of trust. This means that if a trustee of a pension scheme makes a poor investment and this results in the scheme suffering huge losses making it insolvent, the scheme is not eligible for compensation. Without compensation, the pensioners affected in such cases will have their pensions reduced or stopped. The compensation scheme will be run by a board, which will make payments to what it considers to be appropriate cases. The maximum amount of compensation paid will be that required to bring the assets of a pension scheme up to 90% of the minimum funding requirement (Dierden & Pollard, 1995). The Act came into force on April 6th 1997 and has had a few observable effects. For instance, a growing trend is that many companies are switching from final-salary schemes to that of money-purchase schemes. This means that employees will not have a guaranteed pension based upon a percentage of their final salary, but rather the value of their pensions will be determined by the value of the stocks and shares which have been purchased by their pension scheme. Also, the cost of running pension schemes is likely to increase and employers might place this extra cost onto employees (Dierden & Pollard, 1995).

Many of the individuals taking part in this study remain unconvinced that the legislative changes made in the light of the Maxwell scandal have made pensions any safer. Jack Clifford made the point, for example, that pension schemes are still able to invest money into employers' companies:

*The pension scheme is now no more safe after the Goode Committee than it was before. Companies can still go out, invest your money and lose it, and you haven't got a leg to stand on if it goes. And it will happen again, there will be another Maxwell.*

Mr Clifford's advice to other pensioners was as follows:

*What I will say to anybody today, don't do what we did. Don't just assume that if you're working for a good company your pension's going to be honoured.*



While Mr Phipps felt that the Goode Committee came too late for the Maxwell pensioners:

*Useless for us, it was like shutting the stable door after the horse had bolted.*

The above quotations suggest that these individuals acknowledge that risks are endemic to the financial system, and that as such, legislative changes make little difference to the risks that they carry as investors. This further suggests that victims may indeed be aware of the conditions which surround them, and the structural processes which contribute to the construction of their everyday lives (Mawby & Walklate, 1994).

## **7.5 Conclusion.**

This chapter has attempted to examine white-collar victimisation from a perspective which includes an analysis of ‘structure’ and ‘agency’. The individuals taking part in this study were former employees of Maxwell-owned companies, and they were investors in company pension schemes. As such, their experience of being defrauded was situated within this structural context. Robert Maxwell, it seems, was viewed by individuals not only as a perpetrator but also as a former employer who contributed to the demise of the print industry. In this way, events which had occurred during (and after) their working lives, such as the decline of the British manufacturing sector and reduction in union power, compounded their victimisation. At the same time, individuals belonged to pension schemes and so the global monetary system constitutes another element of the structural context. Political and cultural processes have impacted upon the financial system, affecting its regulation and the ways in which investors are viewed (Stanley, 1992), and these processes have had a significant effect upon the former Maxwell employees’ experience of victimisation.

This chapter has also demonstrated that victims may act in order to reduce the harmful consequences of the crimes committed against them. Former Maxwell employees formed action groups and lobbied Parliament in order to gain a valid response from government. In this way, the individuals taking part in this study



illustrate that they were ‘survivors’ (Kelly, 1988), since they played a part in gaining political recognition for their plight. In sum, the qualitative study presented in this chapter has highlighted some interesting dimensions to former Maxwell employees’ experiences of victimisation, and these may be applicable to other cases of employer fraud against employee.



## **Chapter 8: A Study looking into the Impact of the Closure of the Bank of Credit and Commerce International upon Former Employees.**

### **8 Introduction.**

Another case study of employee victimisation is that of the Bank of Commerce and Credit International. When this bank was closed down by the Bank of England on July 5th 1991 due to large-scale fraud allegedly occurring there, thousands of employees were made redundant (Kochan & Whittington, 1991). As part of an exploration into ‘white-collar victimisation’, this study asked former employees to relay their experiences.

Data gathered via interviews and questionnaires reveal that former employees incurred financial, emotional and physical costs as a consequence of having worked for a bank which was considered to be corrupt by regulatory authorities and which was closed down. Particularly interesting is the finding that the employees taking part in this study tended to view themselves as victims not only of fraudulent activities carried out by some staff members of the Bank of Credit and Commerce International, but also by the misjudged action of the Bank of England, an unsympathetic liquidator and the negative press coverage of the whole affair. The harm caused by the actions of employees is thus heightened by regulatory and media responses. This feature of white-collar victimisation has rarely been documented, and suggests that secondary victimisation may be particularly relevant in some instances of white-collar violations.

Results also suggest that identifying the position of the ‘victims’ taking part in this study as ‘employees’ and ‘investors’ of the Bank of Credit and Commerce International is crucial when exploring the impact of the closure of the bank on their lives. This is because the various financial, emotional and physical effects upon former employees of the Bank of Credit and Commerce International may be linked to their experiences as employees and investors/customers of the bank. This suggests that when documenting victimisation it is important to consider the identities and multi-faceted experiences of ‘victims’, since it can be argued that these are integral to the victimising process.



## **8.1 Employees' Knowledge of Events which Surrounded the Bank of Credit and Commerce International.**

### **8.1.1 Hearing the News of the Closure.**

The Bank of Credit and Commerce International was closed down on July 5th 1991. Branches across the UK and other parts of the world were closed, deposits were frozen, and an end to all other facilities such as the provision of letters of credit and overdrafts was brought about. Prior to the closure, rumours had circulated around the bank that it was in financial trouble. However, many of the employees also believed that a rescue package had been put together by the Bank of England, and so believed that the Bank of Credit and Commerce International would survive. For example, one employee wrote:

*Before the closure occurred there were rumours going around that the bank was going to be reformed and they were going to put somebody else as a general manager, an external fellow, to help. That could well have had a beneficial effect.*

Another stated:

*I think it was with malicious intention that BCCI was closed and closed at that time when the restructuring plan was there, which was prepared in consultation with the Bank of England and the liquidator.*

While Mr Khan said:

*What we heard was that everything had been sorted out, the balance sheet was to be signed by the liquidator in Luxembourg. At the time the news of the bank's closure was given the Sheikh had agreed to put in money to sell the bank and restructure it to sell the operations which were thought to be not viable.*

A rescue package had indeed been put together by the Bank of England. New funding was made available by the Sheikh of Abu Dhabi, a major shareholder of the Bank of Credit and Commerce International, the bank would thus be restructured and a new manager for the United Kingdom operation was appointed (Gauhar, 1995). Despite these plans, however, on July 5th the Bank of England shut down the Bank of



Credit and Commerce International<sup>1</sup>. The closure came as a surprise to many former employees, who ended up losing their jobs. Interviews with some of the former employees reveal that some of the individuals heard about the closure of the bank via friends, whilst others directly experienced the closure of the branches where they worked. Mr Khan, for example, found out about the closure of the Bank of Credit and Commerce International through a friend who also worked for the bank:

*- Where were you when you found out that you had lost your job ?  
We were in Abu Dhabi, the head office was transferred there where the bank was being restructured. In end of June my family had moved to Abu Dhabi, my children were at school there. I think it was July 5th we were sitting in the house and a friend from the bank told me that BCCI is closed and it just felt like it could not be, that it would not have happened at this time. Obviously it was a shock. I'd been working for BCCI since 1977... I had to ask friends to lend me money so I could send my family to Pakistan.*

In contrast to Mr Khan, on the other hand, Mr Brown told of how he had gone to lunch on the day of July 5th and had returned to the bank to find that the branch had been closed down and that members of Touche Ross (now Deloitte Touche), the liquidator, were there:

*- How did you find out that you had lost your job ?  
The door was shut when I came back after lunch, because the liquidators came and they were appointed by the Bank of England  
- Were you shocked at the time ?  
Yes. There were no rumours at the time that the bank was going to be shut down.*

The above quotations suggest that while employees understood that the Bank of Credit and Commerce International was encountering financial difficulties, they believed that the bank would nonetheless be rescued by a restructuring package. When the Bank of England closed it down, the employees were made immediately redundant. It seems that employees at the Bank of Credit and Commerce International could not have predicted the actions of the Bank of England, nor that they would be made redundant as a result. This suggests that while employees may have access to some information regarding the events which are enveloping their place of work, this

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<sup>1</sup> Eddie George and Robert Leigh-Pemberton, in consultation with officials in Luxembourg and Cayman



may not necessarily be sufficient to protect them. Moreover, it could be argued that in some cases of banking fraud, regulators policing the financial system take action independently, without depositors' and employees' knowledge or consent. This lies in stark contrast to many cases of street crime, whereby if a crime is to be recorded by police officers it tends to be directly reported to them via victims or the general public (Shapland et al. 1985). The former employees taking part in this study considered themselves to be victimised by the regulatory response (discussed later in this chapter). This present case study suggests that the regulatory response may be considered to be a contributing feature of the harms incurred by employees who work for organisations which are considered to be corrupt.

A feature which differs from the Maxwell case study, is that some former employees directly found out about the closure of the Bank of Credit and Commerce International through experiencing the closure of the branch at which they worked. Indeed, reports show that on July 5<sup>th</sup> 1991 officials of the Bank of England marched into twenty-five branches of the bank in Britain and told employees to leave (Adams & Frantz: 1992: 3). Similar to victims of burglary, who may discover that they have been victimised through observing a break-in or through discovering that their possessions have been taken, individuals who have been working for an institution considered to be fraudulent may find that they have been made redundant (and that their lives are therefore adversely affected) through observing the closure of the offices where they worked.

Similar to the Maxwell scandal, the Bank of Credit and Commerce International study also illustrates how white-collar violations which occur in a single organisation may victimise thousands of people living in different areas of the globe. The Bank of Credit and Commerce International employed eleven thousand workers (Gauhar: 1995: 12) and served approximately 11.3 million depositors, and branches were open in seventy-three different countries (Gauhar: 1995: 12). This means that when the bank was shut down, hundreds and thousands of people were affected in diverse locations such as England, India, Abu Dhabi, Hong Kong and Africa.

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Islands made the decision to shut down BCCI (Adams & Frantz, 1992).



Corruption which occurs within an organisation may thus harm a large number of employees living in a variety of locations. This seems to differ quite markedly from that of instances of sexual or physical violence or property crime, where normally far fewer individuals are affected.

What was the impact of the closure on former employees of the Bank of Credit and Commerce International ? Financial, emotional and physical costs were significant as a result of the scandal surrounding the bank. Moreover, these costs can be directly linked to individuals' positions as former 'employees' and 'investors/customers' of the bank.

## **8.2 The Financial Impact.**

The financial impact upon former employees was severe and multi-faceted. When the Bank of Credit and Commerce International was closed on July 5th 1991, employees were made redundant. Although they received redundancy payments, these were considered to be too low by former employees. For example, Mr Ahmed said:

*At least if there had been a decent redundancy many of these people would have started their own and life would have carried on. But with the £8,000 they got most of them could not do anything. They're stuck, at 40 50 you're not going to get another job in a financial institution because effectively you are past it.*

While Mr Reed revealed how a union (BIFU) had advised him to take compulsory redundancy as opposed to voluntary redundancy, and how this proved to be the wrong advice, costing him two or three thousand pounds:

*We got the bare minimum. And we were conned as well. We were told to take compulsory redundancy on advice from the union, BIFU. I was furious because those who went for voluntary redundancy got a bit extra. I just wrote a stinking letter to BIFU but never got any acknowledgement whatsoever. I said you cost me two or three thousand pounds.*

Many employees also had held bank accounts with the Bank of Credit and Commerce International which means that they had also lost access to their funds as well. Mr Khan, for instance, spoke of how as soon as he had heard that the bank had



been shut down he used a cash machine to try to withdraw as much money as he could from his account:

*When the news came out I went to the ATM and I withdrew I think four or five thousand, that was all the money I had in Abu Dhabi to last my family when they were there.*

Unfortunately, however, Mr Khan was not able to withdraw all of his money:

*- Did you manage to withdraw all of your money ?*

*No no it's still there in the bank.*

Moreover, many of the employees also held mortgage accounts with the Bank of Credit and Commerce International, which means that when the bank was closed down they effectively owed this money to the liquidator. The liquidator in turn charged a high rate of interest on mortgages, and in many cases former employees were unable to pay since they no longer had an income. Interviews suggest that Touche Ross was unsympathetic to the plight of former employees, charging a high rate of interest on their mortgage accounts and threatening many with repossession. For instance, Mr Ahmed spoke about his frustration with the liquidator for charging a high rate of interest:

*Instead of being understanding and sympathetic the liquidator had a very arrogant and high horse attitude which rubbed people the wrong way. Instead of saying look Mr Ahmed here it is this is your redemption figure we'll give you something like six weeks or one month or whatever and you try and work towards that, they would not tolerate that. There are areas where it's better to say there is a mortgage here that this person wants to pay off, we're getting the money in which we can pay to the creditors. What they did in my case, and in the case of many other people, is they started charging interest on my mortgage which is about base rate plus 5,6,7 and the base is not the base in the City of London the base they were using was the one when the bank was closed, it was 12%, so effectively I'm paying 17% on my mortgage.*

Similarly, Mr Reed spoke about an unsympathetic response from the liquidator:

*There was a moratorium on loans, all loans, for a year I think so we didn't pay any mortgage repayments, well we couldn't we were all out of work. The*



*year was up and then Touche Ross came and that's when I had a series of letters and meetings with people at Touche Ross. The girl who spoke to me she put up my scheme to the chief liquidator and he came back with his answer saying they want the whole lot so that was it. I just wrote back and said how do you expect me to live on that? and that's the last I heard. I'm just resigned to the fact now that I'll probably never own my own house.*

One interviewee wrote that the financial impact on him was:

*House loans are nearly double the value of my house, mainly due to ridiculously high interest rates (around 15%).*

Mr Ahmed was also threatened with repossession:

*You're in a no-win situation. In '94 they employed a woman from NatWest mortgages section to sort out the mortgages. At that time they started bombarding everybody with repossessions and they say to you this is our agents hand them the keys, they did it to me as well... It was a lot of stress to a lot of people. I mean I'm strong and I showed them two fingers basically, I said you're not getting away with me like that. But a lot of people simply went, people are badly affected.*

Mr Reed had bought two houses prior to the Bank of Credit and Commerce International scandal, and due to subsequently losing his job was forced to sell his second home at a considerable loss:

*I've still got a massive debt, I owe them over a quarter of a million pounds, they'll never get it because I haven't got it. I did this stupid thing end of 1988. I had two houses bridged, and the rates were horrendous, they were two over the base rate and the rate was very high at the time. I ended up effectively with two mortgages and they're still charging me around 15% the liquidators. I pay Touche Ross a nominal figure each month just to keep them sweet. I did make them an offer at the time. I think I offered them £110,000. I got rid of the second house, the farm, I got rid of that at a loss of £65,000 it went in auction. This house I'm now in is worth 150,000 and Touche Ross said we want 150. But I'll never be anywhere near what I used to earn, I'm on less than a third of what I was getting. Luckily my wife works so she's kept us going.*

By October 1997 there were approximately two hundred former employees in Britain who owed around forty million pounds to the liquidator as a result of outstanding mortgages and loans. Keith Vaz MP condemned the response of the



liquidator as being aggressive (The Guardian, October 13th 1997). In British law, when a business is in liquidation, it seems that creditors generally take priority over the employees. This means that many creditors have a claim over the assets of the business before employees receive any form of compensation (Sorell & Hendry, 1999). Under the 1986 Insolvency Act, employees can claim up to four months' unpaid salary. However, this can be no more than £800 per month (the Financial Times, March 4<sup>th</sup> 1995).

Bank of Credit and Commerce International employees who had been working outside the United Kingdom, in countries such as India and Abu Dhabi, had been paying part of their salaries into a staff provident fund. This fund was a type of insurance scheme for non-United Kingdom staff members, whereby in cases of ill-health or upon retirement employees would be entitled to a share of this money.

One employee said:

*The provident fund was for the staff who would retire or who would need anything. A certain part of the profit went into that, that was to be used for the welfare of the staff. That was based in the Cayman.*

Whilst another wrote:

*The provident fund, that doesn't affect me. That was like a pension fund for the international staff, most of the people from Pakistan and India. This was apparently raided.*

However, upon the closure of the Bank of Credit and Commerce International the provident fund was no longer available to former members of staff, leaving them financially insecure. Mr Smith said:

*The provident fund is in the control of the liquidators.*

Similarly, Mr Khan, who had been paying into the provident fund, revealed how he was unable to have his share of the fund:



*You see we had our own contribution to the provident fund that was, I got a statement from it. You contribute all of your life to it and now the liquidator is saying we can't give you that provident fund. I have a house loan outstanding so I have asked the liquidator to adjust it (provident fund) against my house which is absolutely normal and justified but they're not even willing to do that at the moment.*

Former employees had to wait until 1995 to gain compensation for the staff provident fund, through an out-of-court settlement which was negotiated (The Financial Times, November 4<sup>th</sup> 1995).

Mr Reed had been working in the United Kingdom and so he was not paying into the provident fund. However, although he had been paying into a Bank of Credit and Commerce International company pension scheme whilst working there, Mr Reed revealed how he had taken his money out of this upon the closure of the bank and had transferred the money into a private pension scheme. This is because he had lost trust in the company scheme:

*The pension fund apparently was intact but I took mine out I didn't trust them knowing what they'd been up to before. I took mine out and put it in a private pension. So we can now just about live, depending on what they (liquidator) do about the house. If they leave us alone then we'll have no problems, we'll still pay them 300 pound a month. To pay off the mortgage at the time was about two and a half thousand a month and I was earning nothing and then £12,000 a year so it wouldn't have gone very far.*

The quotations above reveal that the financial costs that former employees endured are directly linked to their 'victim-position' as former 'employees' and 'customers' of the bank. The financial impact included loss of earnings as a result of being made redundant, loss of deposit account money, loss of provident fund money, and high interest rates being charged on their mortgage accounts.

### **8.3 The Emotional Impact.**

The closure of the Bank of Credit and Commerce International also wreaked an emotional toll upon former employees, in terms of depression, anxiety and anger.

#### **8.3.1 Anxiety and Depression.**



'Frustration', 'sadness', 'anxiety' and 'worry' were named by my informants as common. For instance, one former employee wrote about the sense of helplessness experienced as a result of the closure of the Bank of Credit and Commerce International:

*I experienced a sense of helplessness against institutions like the Bank of England and the rights that have been given to liquidators.*

One former employee argued that:

*Street crime can involve you being physically assaulted but with white-collar-crime you are physically and mentally assaulted, particularly if you are predisposed to worrying.*

Mr Reed spoke of his depression upon losing a job which he enjoyed:

*I was very depressed, losing a job I liked very much. we would have retired at 60, I'd be retired by now with a good pension probably, cos I was banging away loads of AVCs so I'd have been quite happy. There's the fact that I couldn't get another job and I was broke. If I hadn't had a working wife who was earning quite good money we'd have been in trouble and I'd have probably lost the house as well. That's enough to make anyone depressed.*

And how the closure of the bank still continues to affect him today:

*Sometimes I still lie in bed at night and think what if I hadn't done this, if I hadn't bought that other house, if I'd done that. I blame my wife for buying that other house 'cos she liked it, I wasn't all that crazy about it so I tend to blame her. Especially when you see how other people have got their future sewn up and mine is so iffy.*

Mr Reed also revealed how he has felt suicidal in the past:

*I get bitter sometimes but it doesn't do any good. These guys who lost all this money at Lloyd's topped themselves. I've probably felt like it a few times but I don't think that's a solution to anything. I worry about the house sometimes, what's gonna happen. What they could do is sell those loans and if they sell them to somebody even nastier than Touche Ross that could be a problem, probably end up in court. That's still at the back of my mind. And I'm in a*



*job I don't enjoy very much, I want to retire but I can't. I don't like the liquidators, they're all bastards.*

### 8.3.2 Anger.

Many former employees of the Bank of Credit and Commerce International stated that 'anger' and 'bitterness' were common. Although former employees acknowledged that some of the executives at the bank were partly to blame for its closure (as indicated in returned questionnaires), it seems that anger was particularly meted out against the Bank of England for closing down the Bank of Credit and Commerce International, also towards the liquidator. Many former employees are angry that their bank was ever closed down, and argued that it should have been kept open. At the time of the closure, authorities in Hong Kong preferred not to close Bank of Credit and Commerce International branches down. Indeed, all forty thousand depositors in Hong Kong were told by the authorities not to withdraw their money from the bank since it was going to be kept open. Two days later, despite angry protestations from depositors, the bank in Hong Kong was closed down due to pressure from the United Kingdom (Kochan & Whittington, 1991). One employee asked:

*How come the Governor of the Bank of England was not lynched? Nobody has been accounted for it.*

Another said:

*I think they (Bank of England) got it closed down where they shouldn't have done. They shouldn't have let it get to that stage.*

Another wrote:

*In case of frauds, only the individuals involved or responsible for frauds should be punished. BCCI should never have been closed in order to save other innocent members of staff and customers from any losses, for no fault of their.*

Mr Brown maintained that shutting down the Bank of Credit and Commerce International was a 'criminal waste':



*If the liquidators close down a bank they will remove any assets they possibly can out of your control. So they take away the means by which people can repay what they owe. There was a lack of forethought in closing down BCCI. It seemed such a criminal waste of a brilliant idea and initial growth.*

While Mr Khan argued that former customers of the Bank of Credit and Commerce International were telling him that it should re-open, such was their loyalty to the bank:

*The majority of the operations of BCCI were very very clean. I was sent to two or three places by the liquidator and I met a couple of customers and they said that you have lost everything, BCCI should start again. That was the loyalty of the customer. They were very very upset that BCCI was closed.*

Some employees suggested that there were racist undertones behind the Bank of England's decision to close down the Bank of Credit and Commerce International. Former employees claimed that the bank was singled out by regulatory agencies and labelled deviant, even though many other banks also deal with drugs money. Employees spoke about how they believed that the Bank of Credit and Commerce International challenged Western dominance over the financial sector, and the dominance of American aid agencies and international organisations such as the International Monetary Fund as being the sources of finance for Third World countries. Former employees claimed that the corruption at the Bank of Credit and Commerce International provided the Bank of England with an ideal reason for shutting down an expanding Asian bank. For example, Mr Khan claimed that Mr Abedi, the founder of the bank, viewed African and Asian countries as good potential for creating a bank:

*And then he (Abedi) being a very dynamic man he wanted to create something. He had a great presence, he was a real visionary and then he realised the lack of banking facilities in Third World countries in Africa, the potential of banking in Africa and all those Third World countries, Latin American countries, that is the reason which he had about making BCCI one of the best banks in the world.*



Mr Khan spoke of how the Bank of Credit and Commerce International lent money to people that Western banks would not:

*I met an Asian businessman in Zambia he's a multi-millionaire now, he said whatever I am is due to BCCI because generations of my family did banking with Barclays and these banks in Africa and whenever we went to borrow we couldn't get a penny from them, and when BCCI came they lent us money, they took the risk and that is why we established ourselves. BCCI provided the resources for honest hard-working people. Not one, there were quite a few people which I met and said the same thing....Western banks did not lend to blacks or Asian communities in those countries, they took deposits from them, they were not as liberal as BCCI, BCCI could take risks.*

Similarly, Mr Ahmed spoke of how the business that the Bank of Credit and Commerce International carried out was specifically catered towards Asian business:

*They (BCCI) provided a service which was quite niche, predominantly helping the Asian business people because BCCI understood the nature of trade in the countries they were trading with and the prospectuses in those countries so therefore yes BCCI did provide a very specialised service from the banking quarter point of view. Most of the banks won't even know where to start from and if I go to them and say I want to open an overseas account and they say where is it and I say Nigeria you know they'll tell me it cannot be done because nobody wants to touch it. They won't handle things that they're not used to so that's where BCCI came in, they know how to do it they've been doing it before so in that's sense they provided a specialised service which many other banks could not do.*

Mr Khan believed that one reason why the bank was shut down is because it was a threat to the Western banking system:

*I think BCCI went into Third world countries which was taken as a threat by the west and America. For example, it gave loans to Third World countries which the western world it was their domain, or IMF, or their institutions or American aid agencies and that is what was a threat. It gave loans to Zimbabwe, Pakistan, I think this is a factor. You see it (BCCI) was a threat to the banks that were here Barclays, Midland, all the Asian community was banking with BCCI, most of the export import business was, you've seen in the British press at that time that 30% of the business was being done in BCCI with only 40 branches, you can see in the Financial Times.*



Mr Ahmed was of a similar opinion:

*Now in my assessment, it's a combination of things. One reason is that I think BCCI grew too fast over a short period. The Bank of England is used to having all these small banks who quietly sit there and do a little bit of business and nobody notices them. Therefore BCCI grew too quick for their liking.*

A recurring theme to emerge during interviews was that employees believed that the majority of people working for the Bank of Credit and Commerce International were honest, and had no idea of the white-collar violations which were being carried out. These subsequently led to the closure of the bank and affected everyone working for the bank. When asked whether employees were aware of money disappearing out of Bank of Credit and Commerce International accounts, Mr Brown replied:

*No, I would say that probably 90% of the employees in the bank had no idea. The local employees in the bank were Pakistanis and they are culturally disinclined to question authority.*

When asked about the drugs money laundering which occurred at the bank, Mr Parmar stated that the Bank of Credit and Commerce International as an organisation never dealt with drug money, but that a few dishonest bank managers did:

*There may be one or two dishonest or eager managers who, in order to get more deposits, took this money, but BCCI as an organisation never did.*

While one former employee argued:

*There were very few people who knew about the fraud. I'd been in the bank and I didn't have the slightest clue about how its losses were hidden.*

Former employees also spoke about how pressure came from the USA, since the Bank of England did not want to appear to be doing nothing in the light of a two year investigation into the Bank of Credit and Commerce International's frauds, the results of which would be unveiled by the New York attorney, Robert Morgenthau. Furthermore, the bank's connection with drugs was considered not to be a sufficient enough reason to close down the bank:



*BCCI was like other American and British banks had branches in Panama and Noriega had accounts with BCCI. Every Western bank had his accounts. I have been to many BCCI operations and BCCI as an organisation never dealt with drugs money. There may be one or two dishonest or eager managers who in order to get more deposits took this money but BCCI as an organisation never did. We had circulars which laid down rules not to take that amount of cash from customers.*

Similarly, according to Mr Khan all banks deal with drugs money, and the amount that the Bank of Credit and Commerce International laundered was only a small proportion of this:

*And what happened their allegation was that BCCI, when BCCI were guilty in Panama the amount was 17 million dollars in 17 years which was peanuts compared to the number of transactions BCCI did. What is happening to 150 billion dollars drug money every year? Who is dealing with that? Has that stopped? When it is being done by western banks it's okay justified, but BCCI unintentionally or unknowingly they have done that which I think is wrong to take drug money but that wasn't done the way it is being presented to the media, that the most corrupt bank wasn't most corrupt.*

The quotations above suggest that former employees disagreed with the stance taken by the Bank of England and the liquidator. Indeed, the quotations reveal a sense of disillusionment and anger with these agencies. It seems that the individuals taking part in this study tended to view their traumatic experiences as being the result of the regulatory response to the Bank of Credit and Commerce International more than the result of any criminal activities which were occurring there. This suggests that 'secondary victimisation' (that is, the harm which state, criminal justice and regulatory responses to victimisation can wreak on victims) is of considerable importance to these individuals when considering the substance of their experiences.

#### **8.4 Regulation.**

Nonetheless, the regulatory authorities involved in the Bank of Credit and Commerce International case did not consider the closure of this bank to be misguided. In the aftermath of the scandal, the Chancellor of the Exchequer and the Governor of the Bank of England asked Lord Justice Bingham to enquire into the supervision of the Bank of Credit and Commerce International to consider whether the



actions taken by the United Kingdom authorities were appropriate and timely. Within the report Lord Bingham argued that ‘there is no doubt that the decision to act without notice to the majority shareholders aroused anger and resentment ... But I do not think that the Bank’s decision to give no effective advance notice to the majority shareholders can be criticised in any way ... It cannot be plausibly argued, in my opinion, that the course which the Bank (of England) took was not an appropriate one, even though it was not the only possible course’ (Bingham Report: 1992: 176). Any criticisms made by Lord Justice Bingham regarding the regulation of the Bank of Credit and Commerce International were aimed at the ways in which the Bank of England operated prior to the closure of the bank, and not the closure itself. According to Bingham, the Bank of England allowed Luxembourg to be primary supervisor long after it reflected economic reality. Furthermore, the Bank of England failed to investigate the truth behind the allegations made regarding corruption at the Bank of Credit and Commerce International, and relied upon the bank’s auditors too much to discover any misconduct there (Watts, 1993). These criticisms reflect others which have been meted out against the Bank of England. Despite being given statutory powers to regulate, critics argue that the Bank of England has not tended to use these in an active, investigative way. Rather, it has tended to rely upon the information supplied to it by financial institutions and their auditors and therefore has continued to rely upon trust. In cases where this information has been false, therefore, it has taken a long time for the Bank of England to discover deficiencies. This was clearly the case with the Bank of Credit and Commerce International. Discrepancies which arose in the accounts of this bank took a long time to uncover, and the Bank of England acted reactively rather than proactively. Indeed, the Bank of England has been accused of clinging to its past form of regulation based upon trust, and being reluctant to ‘adopt a more forceful, active and questioning role’ (D’Ingeo: 1996: 65).

The case of the Bank of Credit and Commerce International highlights the difficulties encountered by regulatory authorities operating in an increasingly globalised financial market. Financial services are invisible goods, making it relatively easy to shuffle funds around from one operation to another across the globe when ineffective controls and opaque management structures exist. Large-scale fraud was carried out at the Bank of Credit and Commerce International due largely to



ineffective management and supervision. The bank was incorporated in Luxembourg and the Cayman Islands<sup>2</sup> in 1972, and quickly developed a complex, opaque structure. This structure was established before statutory-based regulation was established in the United Kingdom, and so created problems for supervision (Bank of England, 22nd October 1992). A College of Regulators was therefore set up in 1987 to regulate the Bank of Credit and Commerce International, since no one regulator was prepared to take responsibility as parent authority of the bank. This college operated under the principles of the Basle Concordat<sup>3</sup>, and was a means of addressing the problems which the bank's opaque structure created for supervision (Bank of England, 22nd October 1992). Nonetheless, this proved to be ineffective at detecting the corruption and fraudulent activities at the bank. Following Bingham's report, the Treasury and the Bank of England agreed that the government should introduce a statutory provision which allows the Bank of England to refuse or revoke authorisation of a bank if its structure prevents it from being effectively supervised (Watts, 1993).

### **8.5 Employees' Needs.**

As illustrated previously in this chapter, former employees disagreed with the regulatory response taken to the Bank of Credit and Commerce International, arguing that this caused them much distress. However, there seems to be little attention paid to victim employees' needs with respect to state, regulatory and criminal justice responses, and this lies in marked contrast to the attention paid to the needs of victims of street and property crime (Zedner, 1994).

As chapter two illustrated, there has been a recognition amongst agencies of the criminal justice system that the reporting and prosecution of physical and sexual violence and burglary often requires the victim (McCabe & Sutcliffe, 1978; Steer,

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<sup>2</sup> Despite BCCI being incorporated in Luxembourg and the Cayman Islands, its effective headquarters was in the UK.

<sup>3</sup> The Basle Committee on Banking Supervision was set up by central bank governors of the G10 countries in 1974, to define the role and responsibilities of home and host supervisors of international banks. These roles and responsibilities were set out in the 1975 Basle Concordat (Deputy Governor of the Bank of England, 1997).



1980; Mawby 1979; Kelly & Erez, 1997)<sup>4</sup>. It has been argued that without the co-operation of the victim in, for example, gathering evidence, identifying the offender and acting as a witness in court, much crime would remain undetected and unpunished (Zedner, 1994). This has acted as a 'bargaining tool' (Zedner: 1994: 1230) in gaining recognition of victims' needs. For example, victim satisfaction with various agencies and processes of the criminal justice system has been examined<sup>5</sup> (Shapland et al. 1985; Newburn & Merry, 1990; Mayhew et al. 1993; Kelly & Erez, 1997; Mirrlees-Black & Budd, 1997). The issue of 'secondary victimisation' (Maguire & Pointing: 1988:11) has also been discussed, whereby inadequate treatment by the criminal justice system (through, for example, insensitive questioning by the police, delays or inadequate provision of information) may involve victimising victims even further.

In the case of employees who have worked for organisations in which white-collar violations have taken place, however, employees may not play an important role in the detection and prosecution of cases, and so their needs may not be taken into account by regulatory authorities. In the case of the Bank of Credit and Commerce International, it appears that the policing and prosecution of fraudulent employees of this bank did not require the co-operation of most staff members. Evidence was gathered against the Bank of Credit and Commerce International through undercover operations carried out by customs officers, and through intelligence agencies such as MI5 and the CIA. Price Waterhouse were also asked by the Bank of England to gather evidence when auditing the Bank of Credit and Commerce International's accounts. When prosecutions were carried out against this bank and some of its former employees, only a very small proportion of employees were required to give evidence. Moreover, these employees occupied high-ranking positions, since less senior employees would not have had any evidence of corruption to present at court (Adams & Frantz, 1992). This means that most former employees of the Bank of Credit and Commerce International, many of whom had not been aware of the illicit operations and surveillance that had been occurring over the years, were unimportant

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<sup>4</sup> A study by Shapland et al (1985) found that out of a group of victims of violent crime, between 35 per cent and 41 per cent of cases were reported by the victim him/her self, while another 50 per cent were reported by other civilians, such as passers-by, neighbours, friends of those in charge of the places where the offences occurred (Shapland: 1986: 211).



to the prosecutions carried out. This case study suggests that employees may be largely superfluous to the investigations and prosecutions carried out by regulatory authorities, and so their needs, it seems, are secondary to the process of regulation and prosecution.

With respect to the Bank of Credit and Commerce International case study, it is also important to consider the regulatory approach taken by the Bank of England, since it is this agency that closed down the bank. The role of the Bank of England as banking supervisor was considered to be 'to seek to enforce prudent conduct by banks, not customer satisfaction' (Quinn: 1993: 261)<sup>6</sup>. In other words, the stability of the financial system was considered to be a more important goal for banking regulation than the protection of individual depositors. Officials working at the Bank of England have argued that how banking authorities deal with a failed bank depends largely upon the consequences of the failure upon the wider financial system, and not upon individual depositors or employees' needs (George, 1992). This suggests that the needs of employees and depositors of the Bank of Credit and Commerce International were secondary to the consequences upon the wider financial system of fraudulent activity being carried out at the bank. As such, the consequences of the closure of the bank upon former employees' and deposit holders' lives were secondary to the consequences of the failed bank upon banking stability.

With respect to other financial regulators such as the Financial Services Authority (FSA), the Securities and Futures Authority (SFA), the Personal Investment Authority (PIA) and the Investment Management Regulatory Organisation (IMRO) there seem to be rather few mechanisms in place to provide employee victims with adequate financial, practical and emotional support. It seems that advice and support provided by these organisations is addressed predominantly towards investor rather than employee victims. As a result, in cases such as the Bank of Credit and Commerce International, employees may be able to obtain some financial

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<sup>5</sup> Indeed, British Crime Surveys include questions about victim satisfaction with the police (Mirrlees-Black & Budd, 1996; Mirrlees-Black, Budd, Partridge & Mayhew, 1998).

<sup>6</sup> On June 1<sup>st</sup> 1998 the supervision of banks was transferred from the Bank of England to the new SIB, called the Financial Services Authority (Financial Services Authority, 1998). This will be more closely examined in the next chapter.



compensation for their investment losses, but not any substantial compensation for losses incurred as a result of losing their jobs (that is, loss of earnings) or as a result of having stigma attached to them in the aftermath of the scandal (an issue discussed later in this chapter). In the case of the Bank of Credit and Commerce International, former employees thus received compensation from the Investors Compensation Scheme for deposit account losses, but they did not receive any compensation for their loss in earnings (other than a small redundancy payment). Moreover, former employees claimed that they should receive compensation as a result of having stigma attached to them, thereby preventing them from gaining new employment, but the Court of Appeal rejected this claim (The Financial Times, March 10th 1995).

Advice which is issued by the FSA, PIA, SFA and IMRO is that if individuals have concern regarding the nature of their investment they should firstly contact the firm which has been handling their investment (FSA, 1999). Under regulatory rules, firms have an obligation to investigate complaints. However, if an individual is unsatisfied with the firm's response, then they may contact the Investment Ombudsman for an investigation (IMRO, 1999). In cases where the firm is no longer in business, individuals can contact the Investors Compensation Scheme. This can pay the first £30,000 of a person's claim in full, and 90% of the next £20,000 (The Investors Compensation Scheme, 1999). It seems that individuals have to negotiate their way through the regulatory process largely by themselves, with there being no one organisation or helpline set up to directly advise individuals about how to obtain financial or legal support<sup>7</sup>. There also does not appear to be any emotional support provided for individuals. None of the regulators offer counselling nor a person trained in the consequences that fraud may have upon victims to listen to individuals' stories and offer emotional support. While the Investors Compensation Scheme and the Investment Ombudsman have telephone lines which may be called if individuals want to find out about the progress of their cases (Investment Ombudsman, 1999; IMRO, 1999), this does not amount to providing people with adequate emotional support. As chapter two has illustrated, Corbett and Maguire's (1988) study regarding the impact

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<sup>7</sup> This was investigated through telephoning the financial regulators and asking them questions about whether they have any facilities for victims of fraud. Also, documents issued by the various regulators were perused, and the Internet was browsed.



upon victims' coping of a visit from a victim support scheme volunteer found that a majority of victims had said that the visits had made some difference to how they had coped with the emotional impact of the crime. However, none of the financial regulators offer any kind of home visit service. With respect to Victim Support schemes, these can bypass victims of white-collar violations. Referrals are received largely from the police (Victim Support: 1998: 21), and yet victims of white-collar violations may not necessarily be in contact with the police but with other agencies such as health and safety agencies and financial regulators. With respect to the two case studies examined in this thesis, none of the employee victims who were interviewed had any contact with either the police nor with Victim Support. In February 1998 a Victim Supportline was established which individuals can directly call in order to find help (Victim Support Report, 1998). However, in cases of employees working for organisations in which fraudulent activities take place, individuals may have to campaign in order to gain recognition of their plight (as illustrated in the cases of Maxwell and the Bank of Credit and Commerce International) and so are unlikely to telephone this line as they haven't been given legitimate victim status. Indeed, the Information Officer at the National Association of Victim Support informed me that financial crime is likely to be committed against institutions rather than individuals and so there are no 'direct victims' of such crimes. There is, as such, no evidence that in the aftermath of the Maxwell and the Bank of Credit and Commerce International case studies, Victim Support changed its procedures to incorporate employee/investor victims.

## **8.6 The Psychological Impact.**

### **8.6.1 Stigma.**

Many of the former employees taking part in this study argued that they have been stigmatised, and as a result have found great difficulty in finding work, which has in turn caused them considerable distress. According to Mr Ahmed:

*One of the chief liquidators of Touche Ross said BCCI was rotten to the core and all the culture was criminal. How can you take a broom and wipe ten, eleven thousand people around the world and say we are all criminals ?*

Mr Ahmed argued that:



*I don't think that BCCI was as corrupt as it has been presented in the media. I have never been ashamed for working for BCCI.*

When asked if the Bank of Credit and Commerce International label stigmatises him, Mr Ahmed replied:

*Oh absolutely. It's slowly fading because it's becoming old news, Barings and all that have taken over, but in areas. For example, a friend of mine wanted to work in IMRO and another colleague of mine who left the bank before the scandal he joined IMRO and he said yes there are jobs but being from BCCI they're not going to take you on.*

Similarly, Mr Khan found difficulty in finding work:

*There was so much bad publicity, when I was made redundant I came to the UK but you are aware that there has been so much publicity that there was a stigma on us and I tried my best for 6 months to get a job. I sent my family to Pakistan. I couldn't visualise going on the dole. I think I claimed dole for three months. Then I looked for a job in Pakistan. I luckily found a job there.*

Mr Khan also said:

*There is stigma on us, it's difficult to find a job in a good organisation, but we still have to carry on living. At this stage to change careers is very very difficult.*

Mr Khan placed some blame upon the press:

*The sale of newspapers depends on scandals so the most corrupt news you can make the more papers will be sold, so that was the reason at the time. BCCI never dealt with drugs. I have been to most of the countries with my job, it was a caring bank, care for the customer and care for the staff.*

Mr Khan continued to tell of how a colleague of his has turned to decorating houses as a result of being made redundant at the Bank of Credit and Commerce International:

*I've seen an old BCCI friend, he's doing house decoration.  
- Change in career*



*You see most of us don't want to live on the dole.*

Another former employee said:

*I have not seen any sympathy from the papers. The staff were presented as crooks and criminals.*

Another wrote:

*Due to the closure of the bank and propaganda by the media, it is very difficult to secure any job in my own field like financial institutions, banks etc.*

Another argued:

*Employees were branded as culprits and so I have had considerable difficulty in getting an alternative job.*

And Mr Reed revealed:

*I think alright it probably stopped me getting a job in another bank, but it didn't stop me getting a job here. I was very very depressed obviously but I think yes at the time it was a stigma and I know some people took a long long time to get any work at all, over two years. I wrote hundreds and hundreds of letters, I don't think I even got an interview. This job came through my wife cos she's pa to the senior partner and they wanted someone who knew about banking and computers.*

Mr Brown said that he had seen memos in recruitment agencies which had specifically requested that Bank of Credit and Commerce International employees need not apply:

*I think it's fair to say that employees were stigmatised. A liquidator standing at the High Court said BCCI was rotten to the core, now that was an unfortunate choice of words, rotten to the core suggests everybody but not all things were rotten and corrupt. Many people were highly intelligent, well-experienced, unfortunately they were all stigmatised. I remember very specifically seeing only a month or two after that there was a lot of these sort of memos coming around and it very specifically said that BCCI employees need not apply. This was not something for public dissemination but it was in the recruitment agencies memos.*



Thus, many of the former employees taking part in this study spoke about being stigmatised as a result of media reportage and cutting remarks made by representatives of the liquidator and Bank of England. The stigma in turn led to them having great difficulty finding new employment. A further illustration of the devastation which stigma brought about is that of the case of an economic adviser to the Bank of Credit and Commerce International. During the course of this research, an anonymous telephone call was made to me by the wife of a former adviser to the bank. She explained how, following the closure of the Bank of Credit and Commerce International, her husband could not find new work. As a result, he experienced a mental breakdown and was violent towards her and towards their children. The strain which this caused eventually led to the woman divorcing her husband and then losing her job, which means that she now lives on social security with her two children. The woman spoke about how, prior to the closure of the Bank of Credit and Commerce International, she could not possibly have envisioned herself to be in such a debilitating situation, and she remains shocked with how much her world has changed.

Indeed, when the Bank of Credit and Commerce International collapsed, 1,200 employees were on the payroll in the United Kingdom, and by February 1995 600 were still without jobs (Department of Employment, 1995). Of course it could be argued that former employees found difficulty in finding work as a result of their age and the economic climate at the time. Many of the individuals that I interviewed, and those who sent in questionnaires, were approaching fifty when they were made redundant. This means that their age probably acted against them when applying for jobs. Moreover, at the time of the bank's closure, there was an economic recession in the United Kingdom which particularly affected middle management and the financial sector (Department of Employment, 1993). In 1990 266,800 people were employed in the banking, finance and insurance sector, and by 1992 this had fallen to 255,000 (Central Statistical Office: 1993: 21). This seems to suggest that the economic climate probably had some part to play in the inability of former employees of the Bank of Credit and Commerce International to find new employment.

### **8.7 The Bank of Credit and Commerce International as a Demonised Bank.**



When examining the press reporting of the Bank of Credit and Commerce International and after looking at the comments which the Governor of the Bank of England and the liquidator made at the time, there seems to be evidence that this bank was being demonised. As a result, those associated with the bank were labelled as corrupt. The Bank of Credit and Commerce International was portrayed as a criminal bank, as the most corrupt bank in history (The Times September 28th 1993). Headlines such as 'Bank Shut in Massive Fraud' (The Times July 6th 1991) and 'The World's Sleaziest Bank' (Time Magazine, July 1991) appeared in the press. Careless remarks made by the Governor of the Bank of England and the liquidator suggested that the Bank of Credit and Commerce International was rotten to the core and corrupt from top to bottom, thereby attaching corruption to every person associated with the bank<sup>8</sup>. An official at the CIA had described the bank as 'the bank of crooks and criminals international' (Adams & Frantz: 1992: 6). Wider processes were left unexamined, such as the amount of drugs money being laundered throughout the entire banking system each year.

At the time of the Bank of Credit and Commerce International's closure, Pakistan's finance minister admitted that this bank may have helped launder drug money but that it was one of many banks which did so, and indeed handled less than one percent of the total drugs money around the world (The Guardian, July 25th 1991). According to statistics issued by the National Criminal Intelligence Service, £2.4 billion of drugs money is laundered through the United Kingdom each year, of which an estimated £1.75 billion is laundered through the financial sector. Worldwide, more than £500 billion is laundered (Gilmore: 1995: 25). It seems that the Bank of Credit and Commerce International became a folk devil in the minds of the general public (Cohen, 1972), and anyone associated with the bank was tarred by the sleaze. Thus, former deposit holders, it seems, should have known better than to entrust the bank with their money (The Guardian, July 24th 1991). In this way all employees of the bank were implicated in the frauds which took place there.

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<sup>8</sup> The liquidator spoke of BCCI as being rotten to the core, and the governor of the bank of England pronounced that 'the culture of the bank was criminal (Kochan & Whittington: 1991: 168).



Former employees may indeed have been stigmatised. Goffman (1968) identified three different kinds of stigma. Firstly, there is stigma which emerges out of physical deformity. Secondly, there is stigma which corresponds to individuals' characters 'perceived as weak will, domineering or unnatural passions, these being inferred from a known record of, for example, mental disorder, imprisonment'(Goffman: 1968: 14 ). Finally, there is stigma perpetuated along hereditary lines which can affect all members of a family. Which kind of stigma a person carries has consequences upon their ability to disguise the stigma and subsequently upon their treatment by other people. As a result of their association with the Bank of Credit and Commerce International, former employees have experienced the second type of stigma identified by Goffman, named conduct stigma (1968). Whilst being able to hide this stigma more easily than people with physical abnormalities, persons with conduct stigma are generally considered to be responsible for their plight and as such are likely to be treated unfavourably by others. Thus, the likelihood of former employees finding new employment may well have been reduced as a result of being stigmatised.

Stigma may perhaps explain why so many former deposit holders and employees at the Bank of Credit and Commerce International refused to speak with me: I encountered a wall of silence when trying to establish contact with former employees and deposit holders. In contrast to this, finding former Maxwell employees to interview was relatively easy, as many of these individuals were willing to take part in my study. This may be because, unlike in the case of the Bank of Credit and Commerce International, blame for the Maxwell scandal was squarely placed upon Robert Maxwell in the media reportage of the crime and particularly during the trial of Kevin and Ian Maxwell. Lawyers acting on behalf of the brothers based their defence around Robert Maxwell, arguing that even if he was guilty of fraud his sons were not, since they were merely following their father's instructions. A central tenet of the defence was that Kevin and Ian were being tried for who they were, not for what they did (The Times January 20th 1996). Robert Maxwell was a man shrouded in mystery, and this ensured that throughout the trial of Kevin and Ian media attention was placed squarely upon their father. Blame for the theft of pension schemes was placed upon Robert Maxwell, who was portrayed by the press as being a dominant, bullying father. The death of Robert Maxwell allowed the press greater freedom in their reportage of



the case, since the main protagonist was not around to defend himself, nor to sue them for libel. Headlines such as ‘Marje gives her verdict: Guilty of being born to a bullying cheat called Maxwell’ (Daily Mirror January 20th 1996), and ‘The Sins of Our Father’ (The Observer January 21st 1996) were printed, and the following is an extract from a newspaper article which clearly illustrates how Robert Maxwell was raised from the grave and demonised:

Even in death, Robert Maxwell could not be silenced. His ghost stalked the courtroom in Chancery Lane as witness after witness spoke of ceaseless tyranny at the Mirror Group’s Holborn headquarters. Jurors were drawn into the world of a dictator and megalomaniac who bullied his children and forced directors and bankers to bow to his every demand.

(The Times January 20th 1996).

It seems plausible to suggest therefore, that unlike former employees of the Bank of Credit and Commerce International, former Maxwell employees were not stigmatised because blame was placed upon Robert Maxwell and not upon every person associated with his global empire. This suggests that in the aftermath of a white-collar scandal, the public process of blaming which occurs may have a direct influence upon employee victims’ experiences. Where blame is cast on one deviant individual (as in the case of Maxwell, Barings and Morgan Grenfell<sup>9</sup>) it seems likely that other employees working for the same organisation will not be stigmatised. If, on the other hand, blame is placed upon an entire financial institution (as in the case of the Bank of Credit and Commerce International), then it is possible that former employees, and indeed any other persons associated with the institution (such as depositors for example), will also be blamed and therefore stigmatised. This in turn can mean that former employees of an institution labelled as deviant find great difficulty in finding work.

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<sup>9</sup> In the Barings scandal, Nick Leeson was singled out as being the main perpetrator behind the crash, and the managerial structure which allowed him to expose the bank to such huge risks was debated only as a secondary issue. When three investment funds at Morgan Grenfell were suspended, Peter Young the investment manager was blamed. While Nick Leeson was labelled a ‘rogue trader’ by the press; Peter Young was considered to be a ‘quiet loner’ (The Sunday Times September 8th 1996).



## **8.8 Conclusion.**

The above analyses suggest that former employees of the Bank of Credit and Commerce International experienced psychological, emotional and financial impacts as a result of the bank being enveloped in scandal. The financial costs which former employees had to bare included losing money from deposits held at the bank, losing money from a staff provident fund, loss of earnings and being charged high rates of interest on mortgage accounts. The emotional impact included anxiety, depression and anger. The psychological impact was that of having stigma attached as a result of being associated with a bank labelled as corrupt. A further dimension to the impact of the closure of the Bank of Credit and Commerce International upon former employees is that of 'secondary victimisation'. Former employees attributed the losses that they had incurred to the regulatory responses made by the Bank of England and liquidator, and also the media reportage of the bank. This suggests that a major element of the victimising experience of victim employees may be that of the responses of regulatory agencies, also the media reportage of the case. However, it is unlikely that regulatory authorities will examine employees' satisfaction with the actions that they take since victim employees are in some cases, it seems, superfluous to the process of investigation and prosecution.



## **Chapter 9: Conclusions.**

Through examining the impacts upon employees who have worked for organisations in which white-collar violations have taken place, the following tentative observations can be made.

It seems that comparisons can be made between the costs incurred by the individuals taking part in this project and the impacts of physical and sexual violence and property crime. Interview data with former Maxwell employees and former employees of the Bank of Credit and Commerce International reveal that many of these individuals had endured psychological, emotional, behavioural, physical and financial costs. These can be compared with the secondary literature examining the substance of victimisation by physical and sexual violence and property crime, which suggests that victims also experience some or all of these impacts. For example, research has established that crimes such as rape, robbery and incest arouse distrust and disillusionment in victims (Janoff-Bulman, 1983; Katz & Mazur, 1979; Maguire, 1982). The results of the present study revealed that individuals' perceptions about financial investment were marked by a general sense of distrust and insecurity as a result of being caught up in financial scandal. In terms of the emotional impact, interview data revealed that many individuals exhibited anger, depression and anxiety. Again, these findings show a striking similarity with the impact of physical and sexual violence and property crime, since research here has revealed that victims experience emotions such as anger, depression and anxiety (Burgess & Holmstrom, 1974; MacDonald, 1971; Russell, 1975; Dobash & Dobash, 1979; Katz & Mazur, 1979; Maguire, 1982; Stanko & Hobdell, 1993). Changes in individuals' lifestyles may occur as a result of being victimised by physical and sexual violence and property crime (Maguire, 1982; Scheppele & Bart, 1983; Indermaur, 1995). The research findings of this project suggest that employee victims may also change their behaviour in order to reduce being victimised in the future. Some of the individuals interviewed spoke about the avoidance strategies that they engage in as a way of managing the danger posed by financial crime. In terms of the physical impact, researchers investigating the experience of physical and sexual violence argue that victims may



sustain injuries which may need medical attention (Burgess & Holmstrom, 1974; Stanko & Hobdell, 1993).

While white-collar victims are unlikely to sustain direct physical injuries due to the indirect nature of white-collar crime (whereby the crime is unlikely to take place directly on the person's body but 'at a distance'), the case studies examined in this research project suggest employee victims may nonetheless experience an adverse physical impact. Interview material reveal that the physical and mental health of some of the individuals was affected as a result of the constant stress that they had to live with due to having financial difficulties. This suggests that whilst there may be no physical external injuries, there may be a pervasive, long-term physical impact upon the well-being of individuals. Researchers have documented how crimes such as rape, burglary, physical assault and murder may have a financial impact upon victims and their families in terms of the costs involved in going to court, seeking legal advice, lobbying Parliament, adding extra security to property, and the time spent in physical or psychological recovery (Indermaur, 1995; Katz & Mazur, 1979; Maguire, 1982; Russell, 1990; Shapland et al. 1985; Stanko & Hobdell, 1993). The Maxwell and the Bank of Credit and Commerce International case studies revealed that many of the former employees of these organisations also endured financial costs. For instance, some of the former Maxwell employees had their pensions reduced, and many had to live with the uncertainty of not knowing how long they would receive their pension money. In the case of the Bank of Credit and Commerce International, former employees lost their jobs and so lost their incomes for a substantial period of time. At the same time, many owed money to the liquidator and so were under pressure to start paying this back. Again, it seems, that similar to sexual and physical violence and property crime, white-collar victimisation can impose financial costs.

The following table can thus be used to summarise the similarities between impacts of sexual and physical violence and property crime and those experienced by the former Maxwell employees and former employees of the Bank of Credit and Commerce International:



Table 1 summarising similarities between impacts of sexual and physical violence and property crime and those experienced by the former Maxwell employees and former employees of the Bank of Credit and Commerce International.

| Impacts →<br>Crimes ↓        | Shattering<br>Cognitive<br>Meanings | Loss of<br>Control | Self-Blame | Search for<br>Meaning | Fear   | Anger  | PTSD   | Avoidance<br>Strategies | Physical<br>Injuries | Suicide | Costs of<br>Justice | Loss of<br>Income |
|------------------------------|-------------------------------------|--------------------|------------|-----------------------|--------|--------|--------|-------------------------|----------------------|---------|---------------------|-------------------|
|                              | Burglary                            | •<br>1             | •<br>1     | •<br>1                | •<br>1 | •<br>1 | •<br>1 | •<br>1                  | •<br>1               |         |                     |                   |
| Violent<br>Property<br>Crime | •<br>2                              | •<br>2             | •<br>2     | •<br>2                | •<br>2 | •<br>2 | •<br>2 | •<br>2                  | •<br>2               |         | •<br>2              | •<br>2            |
| Physical<br>Assault          | •<br>3                              | •<br>3             | •<br>3     | •<br>3                | •<br>3 | •<br>3 | •<br>3 | •<br>3                  | •<br>3               | •<br>3  | •<br>3              | •<br>3            |
| Sexual<br>Assault            | •<br>4                              | •<br>4             | •<br>4     | •<br>4                | •<br>4 | •<br>4 | •<br>4 | •<br>4                  | •<br>4               |         | •<br>4              | •<br>4            |
| Domestic<br>Violence         | •<br>5                              | •<br>5             | •<br>5     | •<br>5                | •<br>5 | •<br>5 | •<br>5 | •<br>5                  | •<br>5               | •<br>5  | •<br>5              | •<br>5            |
| Incest                       | •<br>6                              | •<br>6             | •<br>6     | •<br>6                | •<br>6 | •<br>6 | •<br>6 | •<br>6                  | •<br>6               | •<br>6  |                     |                   |
| Rape                         | •<br>7                              | •<br>7             | •<br>7     | •<br>7                | •<br>7 | •<br>7 | •<br>7 | •<br>7                  | •<br>7               | •<br>7  | •<br>7              | •<br>7            |
| Murder                       | •<br>8                              | •<br>8             | •<br>8     | •<br>8                | •<br>8 | •<br>8 | •<br>8 | •<br>8                  |                      | •<br>8  | •<br>8              | •<br>8            |
| The<br>Maxwell<br>Scandal    | •                                   | •                  | •          | •                     | •      | •      | •      | •                       |                      |         | •                   | •                 |
| The<br>Closure of<br>BCCI    | •                                   | •                  |            | •                     | •      | •      | •      | •                       |                      |         | •                   | •                 |



## References for table 1

- 1 Maguire (1982)
- 2 Indermaur (1995)
- 3 Kutash (1978); Miller & Porter (1983); Perloff (1983); Sales et al. (1984); Ehrlich (1992); Stanko & Hobdell (1993)
- 4 Gittleson et al. (1978); Krupnick & Horowitz (1980); Scheppele & Bart (1983); McNeill (1987); Kelly (1988); Resick (1990); Ehrlich (1992).
- 5 Dobash & Dobash (1979); Miller & Porter (1983); Kelly (1988); Hoff (1990); Glass (1995)
- 6 Lewis & Sarrell (1969); Silver et al. (1983).
- 7 Burgess & Holmstrom (1974); Shubin (1976); Katz & Mazur (1979); McCahill et al. (1979); Russell (1982), Kelly (1988); Mezey (1988); Hoff (1990).
- 8 Wortman (1983); Brown et al. (1990); Kilpatrick (1990).



This research project, as well as drawing similarities between the substance of the victimisation of the former Maxwell employees and former employees of the Bank of Credit and Commerce International and victimisation by physical and sexual violence and property crime, also identified certain distinguishing features. Many Maxwell employees argued that the theft of their pension fund money had had a more severe impact upon their lives than any street crimes or burglaries which had been committed against them. It seems that crimes which are committed by employers against employees might induce a particularly strong sense of powerlessness. This may be because employers can commit white-collar violations at a location far away from that occupied by employees, and therefore employees may feel a loss of control over their lives since they may believe that they cannot prevent the white-collar offences from occurring. Employees may also feel that there is very little that they can do to recoup their losses and this may add to their feelings of powerlessness. Employer fraud against employee may also be considered to be more severe than victimisation by street crime in terms of the time period that individuals have to endure the effects of the crime. Some of the former Maxwell employees spoke about how they had to live with the uncertainty around the payment of their pension money over a long period of time, whereas in the case of their experiences with street crime they argued that they could go back to living their lives as they had been doing within a relatively short space of time. An organisation might employ thousands of workers, therefore fraudulent activities which occur there may harm thousands of people (as illustrated by the cases of Maxwell and the Bank of Credit and Commerce International), whereas an incident of physical or sexual violence or property is likely to involve far fewer victims.

As chapter two has illustrated, there has been a recognition amongst agencies of the criminal justice system that victims are often required for the reporting and prosecution of street crime, domestic violence and burglary (McCabe & Sutcliffe, 1978; Steer, 1980; Shapland et al. 1985; Kelly & Erez, 1997), and that this has helped victims gain a recognition of their needs (Zedner, 1994). With respect to white-collar violations, it seems that little attention is being paid to employee/investor victims' needs by regulatory and criminal justice agencies. As chapter three suggested, this may be because white-collar crime occupies an ambiguous status, whereby instances



of white-collar crime may not be considered to be criminal within legal, political and social arenas, and therefore those individuals whose lives have been adversely affected may not be considered to be 'victims' of 'crime'. Results from the Bank of Credit and Commerce International case study further suggest that in some instances of white-collar crime, employee/investor victims may not play an important role in the detection and prosecution of cases, and so their needs and considerations may not be taken into account by regulatory authorities. Indeed, the regulatory response may victimise individuals further, as the case of the Bank of Credit and Commerce International illustrates, whereby comments made by the Governor of the Bank of England and the liquidator suggested that the Bank of Credit and Commerce International was rotten to the core, thereby attaching corruption to every person associated with the bank and stigmatising former employees (Kochan & Whittington, 1991). This case study suggests that 'secondary victimisation' may be an important aspect of the substance of the experiences of employee/investor victims.

While government policies have encouraged people to save and invest their money (Burton, 1994), they have at the same time produced a large amount of financial crime and misdemeanours (Stanley, 1992). It seems that the financial industry and its regulators operate according to a principle of 'caveat emptor' which means that individual investors are considered to hold some responsibility for the transactions that they make (Davies, 1996). Victims of financial crime may therefore find great difficulty in gaining full financial compensation. While financial investment is portrayed by financial institutions and policy makers as providing individuals with security (as illustrated in chapter seven), financial crime and mismanagement and the subsequent regulatory response to this may induce insecurity in victims. It seems that under the present (post-modern) era of 'saving' and 'investment', the financial system contains risks for investors, the consequences of which may be devastating.

In terms of any theoretical observations which might be made, it seems that the routine activities and lifestyle models have been predominantly used by researchers to help account for variables influencing risk of victimisation (Mawby & Walklate, 1994; Laub, 1997). However, risk has predominantly been studied in relation to street crime and burglary, and so the issue of the applicability of routine



activities and lifestyle to account for risk of white-collar victimisation arises. It seems that variables associated with victimisation by street crime - area of residence, class or status, marital status, race or gender - may not appear to be very relevant for white-collar victimisation (Titus et al. 1995). Hence further research is needed to try to establish what variables significantly affect risk from white-collar crime, and (if possible) the routine activities and lifestyle models modified in order to incorporate these variables. Regulatory authorities may make poor guardians which may significantly increase an individual's risk from being the victim of financial crime and mismanagement. Hence the routine activities model might be expanded in order to include an analysis of the situation whereby a poor or incapable guardian is present (as opposed to a capable guardian being absent). Similarly, increased risk from victimisation by white-collar crime may be associated with time spent inside the home (Titus et al. 1995). Again, the routine activities and lifestyle models may need to be modified in order to account for the penetration of individuals' homes by 'expert systems of knowledge' which straddle across geographical zones (Giddens, 1990) and which potential offenders might exploit. Indeed, in the case of employees working for fraudulent organisations, time spent at work may increase risk of becoming victimised. Again, further work is necessary. With respect to other theoretical perspectives which have tried to conceptualise victimisation, it seems that the two perspectives which the author of this study found most helpful when exploring victimisation by white-collar crime were that of feminist work and critical victimology. In particular, the research project found the feminist critique of the label 'victim' useful (Kelly, 1988). It seems that the term 'victim' may imply passivity, and may mask the notion of victims as being individuals who act upon their surroundings. Although this research project adopted the word 'victim' when writing about the former Maxwell employees and former employees of the Bank of Credit and Commerce International, this term was used mainly in order to highlight the detrimental impact upon their lives of being caught up in financial scandal. However, individuals' actions in terms of forming victim action groups and lobbying Parliament were also considered. This links with a concern of a critical victimological standpoint, since this theoretical perspective also incorporates the notion of victims acting upon, and resisting the structural processes which surround them (Mawby & Walklate, 1994). Critical victimology also maintains that any empirical investigation must take account of the structural processes which form the



background to individuals' activity (Mawby & Walklate, 1994). This research project attempted to do this by exploring the experiences of the former Maxwell employees and former employees of the Bank of Credit and Commerce International with respect to some of the structural processes which seemed to impact upon their experiences of victimisation. The socio-structural processes included financial regulation and its socio-political context, structures of race (with respect to the Bank of Credit and Commerce International) and class (with respect to Maxwell), and the transition from 'modernity' to 'post-modernity' (Bell, 1976). It seems that these structural processes formed the background to the individuals' experiences, and as such they were analysed. When considering the experience of white-collar victimisation, therefore, it can be argued that it is important to consider the structural context, as this may have a significant impact upon the substance of victims' experiences.

To conclude, relatively few studies have examined victimisation by white-collar crime. In particular, the impact upon employees' lives as a result of working within companies in which white-collar offences take place has tended not to be addressed. This research project attempted to shed new light on this area through studying two case studies of organisations where fraudulent activities occurred. The results obtained are largely exploratory in nature, although they might help to re-focus the criminological/victimological gaze away from the study of physical and sexual violence and property crime towards the study of the human impact of particular instances of white-collar crime.



## **Summary of the thesis.**

The following bullet points summarise the main themes present in this thesis:

- Victimisation by ‘white-collar crime’ is an under-researched phenomenon. In particular, the costs wreaked upon employees working for organisations in which financial crime occurs have seldomly been documented.
- This research project discovered that employees working for organisations in which fraud occurs can endure psychological, emotional, behavioural, physical and financial harms.
- When exploring the substance of the human impact of white-collar crime, it is necessary to include notions of ‘structure’ and ‘agency’. This research project illustrates that including structural processes, and individuals’ actions within and upon their structural constraints, was crucial when exploring individuals’ experiences of white-collar victimisation.
- A significant aspect of the victimisation of the individuals who took part in this study, was the impact of regulatory processes upon their plight. Financial regulators such as the Financial Services Authority, the Investors Compensation Board and the Bank of England seem ill-prepared to provide victims with adequate financial and emotional support.
- Moreover, the regulatory response, in adopting an aggressive manner with individuals, can victimise them further. For example, comments made by the Governor of the Bank of England helped to stigmatise former employees of the Bank of Commerce and Credit International, thereby making it difficult for them to find new employment.
- Victim initiatives which have been developed out of a concern to mitigate the harms caused by crime have tended to be aimed at the victims of conventional crimes - robbery, burglary, rape, theft and so forth. Victims of white-collar crime, on the other hand, are often provided with little practical and emotional support. This research project argues that one reason why victims of white-collar crime tend to be omitted from debates on how to reduce the harms caused by crime is because they may not play an important role in the process of investigation and prosecution. As a result, in stark contrast to victims of



conventional crime, victims of white-collar offences have insufficient 'bargaining power' in order to gain adequate responses to their plight.

- When trying to research the area of victimisation by white-collar crime, researchers may encounter significant difficulty in gaining access to victims, particularly when there has been extensive media interest in a case and victims have been portrayed as being responsible for their plight. In this particular project, it took many months to establish contact with individuals adversely affected by the closure of the Bank of Commerce and Credit International, and I suggest that this was partly due to the media portrayal of the bank as corrupt, thereby labelling all those associated with the bank as deviant. On the other hand, gaining access to former employees of Robert Maxwell's business empire, whose pension funds Maxwell defrauded, was much easier and I argue that this is because in the newspaper reportage of this case Robert Maxwell was targeted for blame for the frauds which occurred and his business empire was not labelled as being corrupt.
- Victimisation surveys (such as the British Crime Survey) documenting risk from crime have tended to neglect addressing the risks posed by white-collar offences. Risk must be re-defined in terms of white-collar crime, and the lifestyle model of victimisation developed in order to take into account aspects of lifestyle which may influence individuals' risks from becoming the victims of a wide range of white-collar offences, including fraud, embezzlement and health and safety law violations.
- Financial crime poses risks to investors in the financial system, the consequences of which are financial and emotional insecurity. Nonetheless, financial institutions aim at presenting an image of safety and security, as a way of gaining the trust of investors. This research project has found that financial crime can cause victims to re-define financial investment in terms of risk, as their experiences have shown that financial crime and mismanagement can bring about devastating consequences.



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LIST OF QUESTIONS WHICH WERE ASKED OF THE FORMER MAXWELL EMPLOYEES AND FORMER EMPLOYEES OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL.

The following is a list of the questions which I asked the former Maxwell employees and former employees of the Bank of Credit and Commerce International. It is important to note, however, that my interviews were semi-structured which means that I would pursue any interesting themes which the interviewees introduced themselves. For instance, upon asking former Maxwell employees about Robert Maxwell often they would talk about their work experiences. This means that a significant proportion of the Maxwell interviews include information about the print industry. In this way, my interviews resembled discussions.

- Please can you introduce yourself, giving me your name, address, date of birth and occupation.
- When did you first hear about the Maxwell/Bank of Credit and Commerce International scandal ?
- What did you do ?
- Did you seek advice ? Whose ?
- How did you feel at the time ?
- Did you think that you would get your money back ?
- How did you get together with other victims ?
- What did you do to try and get your money back ?
- Who do you blame for the scandal ? (the government, regulatory authorities, Robert Maxwell, Mr Abedi, yourself, the auditors, etc.)
- Do you think that more could have been done by the government and regulatory authorities in the aftermath of the scandal ?
- What kind of regulatory controls would you like to see in place now ?
- Before the scandal were you ever worried about your pension/investments ?
- Are you now more worried about/wary of your investments ?



- If yes, then why are you more worried ?
- Do you trust banks and building societies ?
- Do you trust financial institutions such as insurance companies ?
- Do you trust regulatory authorities such as the Financial Services Authority ?
- Do you consider yourself to be a victim of crime ?
- Do you consider the theft of your pension money/ the scandal at the Bank of Credit and Commerce International to be criminal ?
- What were your impressions of Robert Maxwell/the Bank of Credit and Commerce International before the scandal arose ?
- What are your impressions of Robert Maxwell/the Bank of Credit and Commerce International now ?
- Have you had any experiences with street crime or burglary ?
- Can you compare those experiences with how you feel/felt about the Maxwell/Bank of Credit and Commerce International scandal ? If yes then how ? If not, then why not ?
- Do you fear to go out walking at night ?
- Do you take any precautions against street crime and burglary ? If yes then what kind of precautions ?
- Do you take any precautions against being a victim of financial crime ? If yes then what kind ?
- What do you consider to be a risky investment ?
- What advice would you give to friends and family regarding financial investment ?
- Do you feel safe in your own neighbourhood ?
- What kinds of crime do you associate your neighbourhood with ?
- Where do you get your information from about crime ?
- What do you consider to be the causes of street crime and burglary ?



QUESTIONNAIRE WHICH WAS SENT TO FORMER EMPLOYEES OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL IN ORDER TO GAIN THE TRUST OF PARTICIPANTS.

Department of Law

Centre for Criminal Justice Research  
Director: Dr E Stanko

Brunel University

Uxbridge, Middlesex  
UB8 3PH  
Tel: (01895) 274000 Ext. 3515

**Crime Prevention as Personal Practice**

*The aim of this research is to examine how you feel about street crime, burglary and white-collar crime.*

*I would be grateful if you would be willing to take a few minutes to complete the questionnaire. Any questions which you do not wish to answer you may leave out. Please be assured that any responses given will remain confidential. Please return the questionnaire as soon as possible to Barbara Spalek, Law department, Brunel University, Uxbridge, Middlesex UB8 3PH using the enclosed stamped self-addressed envelope.*

**The first part explores some of your current crime prevention strategies:**

**AT HOME:**

1. *please tick any that apply:* **Do you have ?**

| Doors:                              | Yes | No | Windows:          | Yes | No |
|-------------------------------------|-----|----|-------------------|-----|----|
| a. mortice deadlock                 | y   | n  | a. casement locks | y   | n  |
| b. grills                           | y   | n  | b. grills         | y   | n  |
| c. automatic deadlock               | y   | n  | c. other locks    | y   | n  |
| e. security gate                    | y   | n  | d. double glazing | y   | n  |
| f. more than one lock on front door | y   | n  | e. other security | y   | n  |
| Burglar alarm:                      | y   | n  |                   |     |    |
| Automatic timers:                   | y   | n  |                   |     |    |
| Motion sensitive outside lights:    | y   | n  |                   |     |    |



**2. Which of these devices are used regularly ?**

|                                     |                          |                   |                          |
|-------------------------------------|--------------------------|-------------------|--------------------------|
| Doors:                              | Regularly Used           | Windows:          | Regularly Used           |
| a. mortice deadlock                 | <input type="checkbox"/> | a. casement locks | <input type="checkbox"/> |
| b. grills                           | <input type="checkbox"/> | b. grills         | <input type="checkbox"/> |
| c. automatic deadlock               | <input type="checkbox"/> | c. other locks    | <input type="checkbox"/> |
| d. door chain                       | <input type="checkbox"/> | d. double glazing | <input type="checkbox"/> |
| e. security gate                    | <input type="checkbox"/> | e. other security | <input type="checkbox"/> |
| f. more than one lock on front door | <input type="checkbox"/> |                   |                          |

Regularly Used

|                                  |                          |
|----------------------------------|--------------------------|
| Burglar alarm:                   | <input type="checkbox"/> |
| Automatic timers:                | <input type="checkbox"/> |
| Motion sensitive outside lights: | <input type="checkbox"/> |

**3. Was there any time in the past two months that you forgot to secure the locks or turn on the burglar alarm when you left your home ?** yes  no

**4. Have you installed any new security devices in your home in the past 12 months ?** yes  no

If yes, why did you decide to install new devices ?

**5. Have you ever seen or read the following:**

|  | Yes | No |
|--|-----|----|
| a. Practical Ways to Crack Crime   | y   | n  |
| b. The government's advertising campaign about car crime                           | y   | n  |
| c. Police presentations about house or personal security                           | y   | n  |
| d. Employer sponsored presentations about house, personal or work-related security | y   | n  |

**If yes, did you learn anything about safety and security you did not already know ? (please specify what things you learned)**

**PERSONAL SECURITY DEVICES**

**1. Do you own a mobile telephone ?** yes  no

If yes, is it: work-related personal purchase a gift

**2. Do you own a personal alarm ?** yes  no

If yes, is it: work-related personal; purchase a gift

**3. (If yes to 1 or 2) Have you ever had occasion to use either your mobile telephone or your personal alarm because you felt threatened ?** yes  no

If yes, could you tell me a little about the circumstances ?



**5. Do you use any other object for your safety when you are either in or out of your home ?  
(please specify what it is and how it is used)**

**SOME QUESTIONS ABOUT CONCERN ABOUT CRIME**

**In everyday life**

**1. How often do you do the following because you are concerned about crime against yourself ?**

*(Please circle)*

|                                      | always | sometimes | rarely | never |
|--------------------------------------|--------|-----------|--------|-------|
| a. at home, leave lights on when out | 1      | 2         | 3      | 4     |
| b. leave the radio on when out       | 1      | 2         | 3      | 4     |
| c. involved in Neighbourhood Watch   | 1      | 2         | 3      | 4     |
| d. avoid certain areas               | 1      | 2         | 3      | 4     |
| e. avoid public transport            | 1      | 2         | 3      | 4     |
| f. avoid going out                   | 1      | 2         | 3      | 4     |
| g. avoid going out alone at night    | 1      | 2         | 3      | 4     |
| h. readjust schedule or activities   | 1      | 2         | 3      | 4     |
| I. take/use car when going out       | 1      | 2         | 3      | 4     |
| j. avoid some people I know          | 1      | 2         | 3      | 4     |
| k. be wary in public places          | 1      | 2         | 3      | 4     |
| l. think about moving house          | 1      | 2         | 3      | 4     |

**2. Do you do any of the following because you are concerned about financial crime ?**

*(Please tick any boxes which apply)*

- a. read the financial press
- b. check bank accounts
- c. check building society accounts
- d. spread your money across a range of banks
- e. spread your money across a range of building societies
- f. spread your money across a range of different investment
- g. check the credibility of a bank before placing money with it
- h. check the credibility of a building society before you place  
money into it
- I. choose a large bank as opposed to a smaller bank to put  
your money in
- j. choose a large building society as opposed to a smaller one  
to put your money in
- k. keep your money at home instead of placing it with a financial  
institution
- l. remove your money from a bank
- m. remove your money from a building society



**3. Could you tell me how worried you are about the following:**

|   | very worried             | worried                  | not worried              | not at all worried       |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| a. burglary   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. rape   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. mugging  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. car theft  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. theft from car   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. paying for what has turned out to be defective goods or services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. being given false information about goods                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. losing your pension money due to financial crime                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I. losing your savings due to financial crime                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j. losing your business as a result of financial crime              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k. losing your job as a result of financial crime                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**4. In general, how trusting are you of the following institutions:**

|                        | very trusting            | trusting                 | distrusting              | very distrusting         | neither trusting nor distrusting |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|
| a. banks               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| b. building societies  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| c. insurance companies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| d. financial advisers  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| e. the government      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| f. the stock exchange  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| g. IMRO                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| h. the Bank of England | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |
| I. the DTI             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>         |

**5. In the past 12 months, have you experienced any of the following:**

|  | at home                  | at work                  | during leisure           | elsewhere                |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| a. theft and/or vandalism to car   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. car stolen  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. burglary/attempted burglary   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. threatening phonecalls  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. physical threats/assaults   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. sexual threats/assaults   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. thefts from home  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. thefts away from home   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I. being given misleading information regarding goods and services purchased | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j. been deliberately overcharged   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k. paid for what has turned out to be defective goods or services            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

l. anything else you feel is 'crime-related' \_\_\_\_\_ please specify



**6. In general how safe do you feel**

|   | very safe                | safe                     | wary                     | unsafe                   | v. unsafe                |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. at home during the day               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. at home at night                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. in your neighbourhood at night       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. in your neighbourhood during the day | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**7. In general how safe do you feel about:**

|   | very safe                | safe                     | wary                     | unsafe                   | v. unsafe                |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. putting your money in a bank   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. putting your money in a building society                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. investing your money in stocks & shares                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. investing your money with state-run saving schemes e.g. National Savings | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. paying into a private pension scheme                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. paying into an insurance scheme  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**BCCI**

**This part explores some of your experiences of BCCI:**

*please tick all boxes that apply to you*

**1. What was your relationship with BCCI ?**

employee       account holder       employee and account holder

**2. If you held account(s) with BCCI, what kind of account(s) did you hold ?**

current account       business account       mortgage account   
 savings account       other \_\_\_\_\_ please specify

**3. What was the financial impact on you of the BCCI collapse ?**

- a. my business went bankrupt
- b. the profit from my business was reduced
- c. it made it difficult for me to keep my business afloat
- d. loss of earnings due to redundancy at BCCI
- e. no effect at all
- f. loss of home
- g. loss of personal savings
- h. stigma and loss of job prospects

any other financial effects which you'd like to comment upon please write down below:

**4. How much money did you lose ?**

- a. under £5000
- b. £5000 - £9000
- c. £10,000 - £19,000
- d. £20,000 - £49,000
- e. £50,000 and over
- f. £100,000 and over
- g. £500,000 and over
- h. one million pounds and over



**5. What, if any, psychological and emotional costs did you suffer ?**

- |             |                          |           |                          |               |                          |
|-------------|--------------------------|-----------|--------------------------|---------------|--------------------------|
| anger       | <input type="checkbox"/> | anxiety   | <input type="checkbox"/> | guilt         | <input type="checkbox"/> |
| bitterness  | <input type="checkbox"/> | worry     | <input type="checkbox"/> | none of these | <input type="checkbox"/> |
| frustration | <input type="checkbox"/> | shock     | <input type="checkbox"/> |               |                          |
| sadness     | <input type="checkbox"/> | confusion | <input type="checkbox"/> |               |                          |

any other psychological and emotional costs which you'd like to comment upon please write down below:

**6. Have you spoken to anyone about your experiences of the BCCI collapse ?**      yes  no

If not, could you say why you never told anyone ?

**7. If you did tell anyone:**

**What sorts of reactions have you had from the people who know that you are a depositor and/or former employee of BCCI ?**

- |                   |                          |                                     |                          |
|-------------------|--------------------------|-------------------------------------|--------------------------|
| sympathy          | <input type="checkbox"/> | anger with the regulatory bodies    | <input type="checkbox"/> |
| disbelief         | <input type="checkbox"/> | worried about their own investments | <input type="checkbox"/> |
| blamed you        | <input type="checkbox"/> | anger with BCCI                     | <input type="checkbox"/> |
| worry and concern | <input type="checkbox"/> | willingness to assist               | <input type="checkbox"/> |
| sad for you       | <input type="checkbox"/> |                                     |                          |
- other \_\_\_\_\_ please specify

**8. As a result of the bank's collapse, do you consider yourself to be a victim of crime ?**  
yes       no       maybe/not sure

**9. Prior to the collapse of BCCI, what did you think about this bank ?**

- a. it was adequate for my needs
  - b. it provided a good service
  - c. a convenient neighbourhood bank
  - d. it dealt with my business well
  - e. it was a good employer
- other \_\_\_\_\_ please specify

**10. If you are a former employee:**

**a. have you had difficulty finding another job as a result of being a former employee of BCCI ?**  
yes       no

**b. do you feel that you have been blamed for the collapse of BCCI ?**  
yes       no

**11. If you held money at BCCI, what made you invest money there ?**

- a. it was a good neighbourhood bank
- b. it had good relations with businesses
- c. it provided services which other banks did not
- d. it had a good interest rate







## CODING GUIDE

Below is a list of some of the categories which I created out of the interview data. For each category I have provided a quotation from the data to act as an example.

‘The printing industry’

*My husband earned good money that’s true, because print paid way over the top of lots of other industries.*

‘Job security’

*I came into printing because my father was a printer. So I came into printing, my brother came into printing, my sister came into printing because my father was in print. You could see he got a certain amount of stability and you wanted that stability.*

‘Maxwell as asset-stripper’

*But Maxwell only came into these companies, he didn’t actually run them. They were desperate to get rid of them and he acquired them for peanuts really, and he just asset-stripped them.*

‘The changing structure of print’

*Well the computerisation of typesetting, the automation of printing presses, manning levels dropped quite drastically.*

‘The closure of print factories’

*Nothing is there. It’s all gone.*



‘Pension as safe before Maxwell’

*All we knew is that you was having your pension stopped every week out of your salary, and that was gonna give you a pension when you left work, when you finally retired.*

‘Mistrust of Robert Maxwell’

*When he (Maxwell) said that he was taking over the firm and that your pension would be paid from Pergamon’s then the hairs on my head started to stick up and I thought well, if he’s handling the money there what’s happening ?*

‘Pensions as no longer safe’

*Well I think a pension is a thing you should never have to worry about, it’s a thing you should be looking forward to, but now you’re worrying about whether it’s safe all the time, now it’s terrible.*

‘The emotional impact upon former Maxwell employees’

*You know our money, we earned it and somebody else pinched it and we’re really angry about that because when you go out to work and you’ve earned your money, you want it.*

‘The physical impact upon former Maxwell employees’

- *Do you blame Maxwell for your husband’s death ?*

*No, but it had accelerated it there’s no doubt about that. It changed him, it just absolutely changed him. You just had to stand by and watch him.*

‘The psychological impact upon former Maxwell employees’

- *Were you blaming yourself ?*

*I was because I left the company and that put it into a deferred pension. If I hadn’t left, it would have been transferred into the new BPCC and I wouldn’t have known any different.*



‘Impressions of the Bank of Credit and Commerce International’

*Basically, an extremely clever idea strategically, excellent people, very hard-working people, incompetently run.*

‘The Bank of Credit and Commerce International’s association with terrorism’

*You talk about drug money, there’s billions of dollars in the system, if BCCI even had 2% of it, where is the other 98% ?*

‘Why hold money at the Bank of Credit and Commerce International’

*A businessman told me it was my bank. I could go to the manager anytime day or night and ask specifically about my problem.*

‘Mr Abedi’

*I will always have admiration for him, he achieved so much. For somebody in 40 50 years of his life to set up 2 banks, you’ve got to take him seriously.*

‘The closure of the Bank of Credit and Commerce International’

*I think it was with malicious intention that BCCI was closed down and closed down at a time when the restructuring plan was there which was prepared in consultation with the Bank of England and liquidator. Certain losses were made in the UK and hidden and that particular operation and those particular people should have been punished. But to kill an organisation, like a disease you don’t, you try to cure it.*

‘The emotional impact of the closure of the Bank of Credit and Commerce International’

*I get bitter sometimes but it doesn’t do any good. These guys who lost all this money at Lloyd’s topped themselves. I’ve probably felt like it a few times but I don’t think that’s a solution to anything.*

‘The financial impact of the closure of the Bank of Credit and Commerce International’

*At least if there had been a decent redundancy many of these people would have started their own life and would have carried on. But with what they (the liquidator)*



*paid people are stuck. At 40 50 you're not going to get another job in the financial industry because effectively you are past it.*

*'Stigma'*

*One of the chief liquidators of Touche Ross said BCCI was rotten to the core and all the culture was criminal. This I find very surprising for a professional person to make such a categorical remark. How can you take a broom and wipe 10,000 people around the world and say we are all criminals ?*

*'Blame for the Maxwell scandal'*

*The two supervising bodies were IMRO and SIB and they were supposed to look after investments, in other words, see that no frauds is carried out. But obviously they didn't do it, they were absolutely useless.*

*'Blame for the closure of the Bank of Credit and Commerce International'*

*I blame the government and the Bank of England.*

*'Former Maxwell employees' action'*

*We went up to London and marched, had our banners and it was quite exciting really because we felt we were doing something. The press was on our side, everybody was on our side.*

*'Increased awareness of financial crime as a result of the Maxwell scandal'*

*What I will say to anybody today, don't do what we did, don't just assume that your pension is safe.*

*'Experiences of street crime compared with experiences of fraud'*

*I said there were swines that burgled my house, but I mean I never swore like I swore about Maxwell.*



‘Financial precautionary strategies’

*I’m more aware and with the banks I would think twice who I would bank with. I would think is my money safe ?*

‘Precautionary strategies directed at street crime and burglary’

*We’ve got chains on the door, an alarm on the door and mortice locks out the back. We haven’t got a moat yet.*

‘White-collar crime as crime’

*Street crime can involve you being physically assaulted but with white-collar crime you are physically and mentally assaulted, particularly if you are predisposed to worrying.*

‘Pension fraud as crime’

*Maxwell robbed me didn’t he ? That pension was mine before Maxwell bought into BPCC, he should never have been allowed to touch my money.*

‘Other financial scandals’

*I think when the government paid the people from Barlow-Clowes, we thought well if they did it for them they can jolly well do it for us.*

‘Risky investments’

*I don’t really believe in stocks and shares, I haven’t got enough money for that.*

‘Global capital’

*I should imagine in the banks and on the stock market, well judging by what he was up to at Barings, I expect they’re wheeling and dealing there all the time. I don’t profess to understand all of it but I expect it’s going on all the time, I suppose it’s just a matter of switching a few million on the computer, pushing it here, there and everywhere.*



‘Policing the financial industry’

*The two supervisory bodies were IMRO and SIB and they were supposed to look after investments, in other words, see that no frauds is carried out. But obviously they didn't do it, they were absolutely useless you know. Then in our view it goes back to the government because they allowed the scheme not to be completely overseen as it were.*

‘Thoughts about financial institutions’

*Most building societies, although they don't pay fantastic interest, the money is invariably fairly safe. I always was of the opinion that the money with the building society was much safer than with the bank.*

‘Trust in financial institutions as affected by experience’

*My mother, she had a post office savings certificate taken out to be put into her account by Barclays and they put £1000 in somebody else's account.*