

HEIDI LAUTJÄRVI

# White-Collar BUSINESS CRIME

EDITA

**White-Collar  
BUSINESS CRIME**



**White-Collar  
BUSINESS CRIME  
HEIDI LAUTJÄRVI**

EDITA • HELSINKI

© Edita Publishing Ltd and Author

Cover: Anu Korpijärvi

Layout: M-L Koskenranta

Cover image: Billion Photos / Shutterstock.com.

Publisher: Edita Publishing Ltd

[www.edita.fi](http://www.edita.fi)

ISBN 978-951-37-8940-4

Give us feedback on the book: [toimitus.laki@edita.fi](mailto:toimitus.laki@edita.fi)

Printed by: Books on Demand

*"There have been tyrants ... and for a time they can seem invincible, but in the end they always fall. Think of it. Always."*

## FOREWORD

In this book, you will find the real-life accounts of people who, for one reason or another, found themselves guilty of committing white-collar crimes. Some thought they were doing nothing wrong, but were still convicted, while others intentionally broke the law, but thought they would get away with it. Many buried their secrets deep and successfully avoided detection for a considerable number of years; however, in the end, they were exposed and held to account.

This book is about white-collar crime and the numerous grey areas companies and their employees find themselves in when they stray from the legal and ethical path. Here you will read about power, money and prestige, about crime, immorality, unethical behaviour, old boys' networks and company secrets – all the things that push successful and wealthy people over the line.

For companies and those who act on their behalf, the business world is a minefield, full of traps that are all too easy to fall into. These dangers are thoroughly explored, and the book discusses where and how such risks emerge and where crimes may occur. For those who commit white-collar crimes, they very often see the world in which they operate in shades of grey. This is a problem when it comes to determining which behaviour is legal and ethical and which isn't. This is also true for those who interpret the law. The courts are required to intervene to the best of their ability and monitor the ever-changing legal landscape to ensure their decisions strike the correct balance between a successful economy but also properly regulated corporate activity that is both legal and ethical.

White-collar criminals are found engaging in an extremely wide range of activities, from stock frauds and bribery to workplace health and safety violations. This book digs deep into a grubby world of greed-fuelled immorality, tax evasion, counterfeiting, bribery, abuses of power and so much more. Many of the most sensational cases have taken place in the United States, and these are extensively documented here.

---

1    Quote by Mahatma Gandhi.

In each section of the book, there are numerous case examples of how people have chosen to go the wrong way. The most interesting point is that many of them say not so much about why. Therefore, I will explain the dark side of the human mind theoretically —the forces that drive ordinary people to commit crimes also detailing the white-collar workers' responsibility and role in organizations—is looked at in detail. Starting with the definitions of business crime and white-collar crime, the book goes on to give multiple examples of improper conduct and criminal activity, especially focusing on bribery.

The temptation experienced by some businesspeople to enrich themselves or perhaps improve business conditions for the company they work for by taking advantage of their position is often enormous – perhaps irresistible – and can, unfortunately, lead too many to break both the law and their ethical responsibilities. I wrote this book so people would learn from the mistakes of others, and avoid making their own. I am fascinated by and interested in the psychological issues related to why white-collar crimes take place repeatedly, such as in banks, and why mere opportunity is enough to make a thief. The underlying narrative of double standards in international law as well as the amount of different moral dimensions cannot be ignored either. Without clear legal frameworks, professional ethics and the moral guidance of a healthy corporate culture, many organisations and the people who work for them can soon find themselves labelled as white-collar criminals.

# ACKNOWLEDGEMENTS

I have been very lucky and remain thankful to have had help from Juha Koponen. He and his office have helped me considerably in finishing this book. I would especially like to thank Borenus Attorneys at Law Ltd New York and the Helsinki offices. Sincere thanks to Monika Dziewa and Kenneth Kraszewski for the section dealing with competition law, and also the tax team for their comments on that particular area of law.

In addition, I would like to thank professors Matti S. Kurkela and Matti Rudanko for their continued support. First, for the Finnish business crime book (*Business Crime – Minefield of Leaders*, Edita Publishing Ltd, 2018), and now for this English international version. I have had many conversations and meetings with both professors, and my interest in white-collar crime has grown over time. In fact, it grew so much that found myself really enjoying the white-collar business crime stories I was reading. My discussions years ago with professors Kurkela and Rudanko helped me realise there was a need for a book on case-specific white-collar business crime. Professor Kurkela pointed out the international need regarding business crime, much of which I had not considered before our discussions. Therefore, I will always remain grateful to him.

I would also like to express my gratitude to all the CEOs, managers, lawyers and directors worldwide who have commented on this book. I have been so lucky to be around these amazing, motivating and inspirational leaders. I have been very fortunate to have also worked with several extraordinary international colleagues and people worldwide. Their encouraging example of how to do things right inspired me to write this book. Since many of you did not wish to be mentioned by name, I only name those who gave their permission—but the rest of you know who you are. Kaisa Mäkelä, CEO, my sincere thanks for commenting on the section on psychology. Your energy and talent helped me understand more deeply the roots of the human mind. Rami Korhonen, CEO, thank you for commenting on the book generally. Your talent for spotting inconsistencies gave me more understanding. Jerry Härkönen, IP lawyer, shared ideas which were inspirational and absolutely needed to give clarity to the section on IPR. Warm thanks go to Linda Piirto, Commercial Counsellor at the Finnish Ministry Foreign Affairs, for commenting on the sections on human rights and CSR. Your comments and modifications were exactly what this book



needed. Thanks also go to the qualified language professionals and friends who proofread this book and without whom it would not have been completed.

I also want to express my sincere gratitude to US lawyer Roxanna Chacon for your numerous insightful comments on every chapter in this book. You helped me put my thoughts together.

I would like to offer my sincere thanks to Doctor of Technology Heikki Piirainen for commenting on the text—your contribution was just perfect. You went into details and uncovered issues that needed further reading and more consideration. You really pushed me to the limits of my endurance.

I am extremely grateful to Delingua Language Services and Daniel Merry, English Language Specialist, whose amazing comments were absolutely needed in order to get the book ready. You helped me consider issues more deeply and push this book forward. Your thoughtful advice is much appreciated, and you taught me a lot. I would like to thank the whole team at Edita Publishing Ltd and Nordic Morning Group for helping me write the international version of my book. Your work has been just amazing, and I cannot thank you enough.

Finally, my thanks go to my employer and to my family. I changed jobs in 2019, just when this book project started, and my new employer has supported me in every way possible, for which I could not be more grateful. I do not think I could have found a better workplace, one that has given me the time I needed to write this book. A supportive workplace, a supportive family and an amazing publisher are crucial for writing a book like this.<sup>2</sup>

---

2 The originality of this book has been verified with Plagiarisma, Plagiarism Checker and Scribbr.

# ABBREVIATIONS

AFA	Agence Française Anticorruption
AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
AUD	Australian Dollar
BEPS	Base Erosion and Profit Shifting
Billion	Thousand million, 1,000,000,000. European term: milliard. American term: billion. American term is used in this book.
CDO	Collateralized Debt Obligation (investment product)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFR	Council on Foreign Relations
CFTC	US Commodity Futures Trading Commission (US)
CG	Corporate Governance
CIA	Central Intelligence Agency
CJIP	La convention judiciaire d'intérêt public
CLO	Chief Legal Officer
CMA	Competition and Markets Authority
CMS	Centers for Medicare & Medicaid Services
CNBC	Consumer News and Business Channel
CNN	Cable News Network
Co.	Company
CoCom	Coordinating Committee for Multilateral Export Controls
CPS	Crown Prosecution Service
CSR	Corporate Social Responsibility
CTC	Counter-Terrorism Committee
DD	Due Diligence
DECA	Development of Espionage and Counterintelligence Awareness
DGSE	Direction Générale de la Sécurité Extérieure (FR)
DOJ	Department of Justice (US)
DOS	Department of State (US)

## ABBREVIATIONS

DPA	Deferred Prosecution Agreement
DST	Direction de la Surveillance du territoire (FR)
EC	European Commission
ECJ	European Court of Justice
EEC	European Economic Community
EFSA	European Union Food Safety Authority
EOIR	Exchange of Tax Information on Request
ESG	Environmental, Social and Corporate Governance
EU	European Union
FATF	Financial Action Task Force (on Money Laundering)
FBI	Federal Bureau of Investigation
FCA	Financial Conduct Authority
FCPA	Foreign Corrupt Practices Act (US)
FIFA	Fédération Internationale de Football Association
FSA	Financial Services Agency
FTA	Forum on Tax Administration
FTC	Federal Trade Commission
G7	Group of Seven (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States)
GDPR	General Data Protection Regulation 2016/679
GRI	Global Reporting Initiative
IAAF	International Association of Athletics Federations
IAS	International Accounting Standards
ICC	International Chamber of Commerce
ICN	International Competition Network
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ILO	International Labour Organization
IoT	Internet of Things
IPO	Initial Public Offering
IPR	Intellectual Property Rights
ISAR	International Standards of Accounting and Reporting

ISO	International Organization for Standardization
LLC	Limited Liability Company
M	Million
MFI	Micro Finance Institution
NASDAQ	National Association of Securities Dealers Automated Quotations
NCP	National Contact Point
NGO	Non-Governmental Organization
NSA	National Security Agency
OCCRP	Organized Crime and Corruption Reporting Project
OECD	Organisation for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
OFT	Office of Fair Trading
OPEC	Organization of the Petroleum Exporting Countries
PCAOB	Public Company Accounting Oversight Board
PCB	Polychlorinated Biphenyls
PNF	Parquet National Financier (France)
POIG	Palm Oil Innovation Group
PRI	Principles for Responsible Investment
RICO	Racketeer Influenced and Corrupt Organizations
SAS	Société par actions simplifiée
SEC	US Securities and Exchange Commission
SFO	Serious Fraud Office
SOX	Sarbanes-Oxley Act
S.p.A	Società per Azioni
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TBML	Trade Based Money Laundering
TI	Transparency International
Trillion	1,000,000,000,000
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
U.C.C.	Uniform Commercial Code
UK	United Kingdom
UN	United Nations
UNCAC	United Nations Convention against Corruption

## ABBREVIATIONS

UNGPMML UN Global Programme against Money Laundering

UNICEF United Nations Children's Fund

US United States of America

USC United States Code

WHO World Health Organization

WTO World Trade Organization

# CONTENTS

<b>PART I</b>	<b>A COMPLEX WORLD OF BUSINESS CRIME .....</b>	<b>11</b>
	A Complex World of Business Crime .....	16
	1. Bad Apples Among the Good – Defining Business Crime ..	16
<b>PART II</b>	<b>WHITE-COLLAR CRIMES AND OTHER CRIMES.....</b>	<b>21</b>
	2. Examples of White-Collar Business Crime.....	26
	3. Definition of Blue-Collar Crime.....	29
	4. Other Types of Business Crime .....	31
	5. Why to risk it all? .....	33
	Part II Conclusions on Defining White-Collar Crime and Other Crimes.....	37
<b>PART III</b>	<b>RULES AND PRINCIPLES OF INTERNATIONAL LAW ....</b>	<b>39</b>
	6. Company Vicarious Liability and Corporate Liability .....	43
	6.1. Compliance .....	47
	6.2. Moral Hazard .....	52
	7. Corporate Governance .....	54
	7.1. Different Corporate Governance Models around the World .....	55
	7.2. OECD Guidelines and Other Important Principles and Guidelines.....	58
	7.3. Examples of Corporate Governance Failures .....	60
	8. Derivative Action: The Liability of Management Towards Shareholders .....	62
	8.1. Business Judgment Rule.....	63
	8.2. Derivative Actions in Countries .....	65
	9. Effects Doctrine in International Law .....	67
	9.1. Classic Swiss Watchmakers Case .....	68

10.	Transborder Crime in International Law .....	69
10.1.	Transborder Crime and Competent Authorities in Transborder Crime.....	73
10.2.	Transborder crime examples.....	76
Part III	Conclusions of Rules of Regulations of International Law.....	79
<b>PART IV</b>	<b>WHITE-COLLAR BUSINESS CRIME IN PRACTICE.....</b>	<b>81</b>
11.	Business Crime in Employment Law.....	82
11.1.	Human Rights.....	87
11.2.	Business Crime Examples in Employment Law .....	91
11.3.	Espionage.....	92
12.	Computer crime .....	96
12.1.	From traditional espionage to cyber espionage.....	96
12.2.	Company Espionage: Examples.....	103
13.	Business Crime in Competition Law.....	107
13.1.	Examples of Competition Law and Antitrust Law .....	115
14.	Securities Markets and Business Crime .....	117
14.1.	Securities Market Fraud in the US.....	119
14.2.	Market Manipulation in UK Banks.....	123
14.3.	Market Manipulation in German Banks .....	126
15.	Business crime in Tax law .....	128
16.	Embargoes and Business Crime.....	135
16.1.	Embargos and UN .....	136
16.2.	Embargos and US.....	137
16.3.	Embargos and Iran, North Korea, Russia and China .....	138
17.	IPRs and White-Collar Business Crime .....	140
17.1.	Brand Protection.....	147
17.2.	IPRs and AI .....	148
17.3.	IPRs and Darknet.....	150
18.	Corruption, Bribery, Embezzlement, Fraud and Extortion .....	152
18.1.	Bribery.....	153
18.2.	Examples of Bribery.....	158
18.3.	Good Faith.....	161
18.4.	Old Boys' Networks .....	163

18.5. International OECD and ICC Anti- Bribery Rules.....	166
18.6. Examples of Buying Influence in France and other parts of the world .....	173
18.7. Embezzlement .....	175
18.8. Fraud and Extortion .....	176
19. Fake Food and Business Crime.....	184
20. Money Laundering .....	188
20.1. Money Laundering and Swiss Banks.....	191
20.2. Money Laundering and UK Banks .....	192
20.3. Money Laundering and Brazil .....	193
21. Environmental Business Crime.....	195
21.1. Greenwashing.....	197
21.2. Examples of Environmental Business Crime.....	199
<b>Part IV Conclusions: White-Collar Business Crime in Practice.....</b>	<b>203</b>

<b>PART V CLOSING WORDS: THE MANY FACES OF WHITE-COLLAR BUSINESS CRIME .....</b>	<b>207</b>
22. List of Sources .....	215
22.1. Books .....	215
22.2. Articles and Blogs .....	220
22.3. Court Cases.....	245
22.4. Acts and Principles .....	248
22.5. Other sources .....	256





At the heart of the business crimes, there is corruption, money laundering, fraud, and extortion. None of the law areas is immune to the crimes: they occur in company law, competition law, tax law, labor law, environmental law and intellectual property law – just to mention a few.

With the help of international law, this book explains what corporate management should know about white-collar crimes in different areas of business. It offers the biggest business crime cases from all over the world.

The book helps to outline business-friendly models for crime prevention. Most of all, it increases knowledge of white-collar business crimes and helps people to avoid making their own ones.

The book is aimed at business leaders and at everyone who runs their own business. It also provides information for business developers as well as business and law students.

The author, M. Sc. (Econ.) *Heidi Lautjärvi*, has graduated from Aalto University School of Economics with a major in business law. She currently works for an award-winning IP firm in Finland as Head of Marketing and Communications.



9 789513 789404

33.5

978-951-37-8940-4

Edita Publishing Ltd.  
[www.edita.fi](http://www.edita.fi)