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# Gender and Twenty-First-Century Corporate Crime: Female Involvement and the Gender Gap in Enron-Era Corporate Frauds

Darrell J. Steffensmeier,<sup>a</sup> Jennifer Schwartz,<sup>b</sup>  
and Michael Roche<sup>a</sup>

## Abstract

We extend the scarce research on corporate crime to include gender by developing and testing a *gendered focal concerns and crime opportunities* framework that predicts minimal and marginal female involvement in corporate criminal networks. Lacking centralized information, we developed a rich database covering 83 corporate frauds involving 436 defendants. We extracted information from indictments and secondary sources on corporate conspiracy networks (e.g., co-conspirator roles, company positions, and distribution of profit). Findings support the gendered paradigm. Typically, women were *not* part of conspiracy groups. When women were involved, they had more minor roles and made less profit than their male co-conspirators. Two main pathways defined female involvement: *relational* (close personal relationship with a main male co-conspirator) and *utility* (occupied a financial-gateway corporate position). Paralleling gendered labor market segmentation processes that limit and shape women's entry into economic roles, sex segregation in corporate criminality is pervasive, suggesting only subtle shifts in gender socialization and women's opportunities for significant white-collar crimes. Our findings do not comport with images of highly placed or powerful white-collar female criminals.

## Keywords

criminology, white-collar crime, gender, occupations, sex stratification, economy

Some economists and sociologists have concluded that fraudulent schemes and corporate corruption scandals played key roles in the onset and in determining the severity of the past three economic recessions in the United States (July 1990, March 2001, and the Great Recession that began in December 2007) (Akerloff and Shiller 2009). Upper-level criminality is now of great interest because of its apparent growth in corporate America today and its perceived harmful and far-reaching consequences. Yet more than 70 years ago, Sutherland (1940),

spurred by his revulsion with elites whose financial manipulations caused the 1929 stock market crash and 1930s Depression, challenged sociologists to study white-collar crime as a

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<sup>a</sup>The Pennsylvania State University

<sup>b</sup>Washington State University

## Corresponding Author:

Darrell J. Steffensmeier, Department of Sociology,  
The Pennsylvania State University, 1016 Oswald  
Tower, University Park, PA 16802-1690  
E-mail: [d4s@psu.edu](mailto:d4s@psu.edu)

serious social problem and an important reflection of social stratification.

We extend recent empirical examinations of white-collar crime (see reviews in Benson and Simpson 2009; Geis 2007) by examining *gender* differences in corporate financial scandals of the late-twentieth and early-twenty-first centuries. Our study intersects several major sociological areas of interest (e.g., economy and society, work/organizations, and law/criminology) but contributes particularly to the broad and rising interest across sociology in gender stratification. Gender scholars, and those studying work and organizations, have been concerned with implications of women's changing involvement in corporate America. Some empirical research exists on women's and men's similarities and differences in occupational fraud and employee theft (Daly 1989; Franklin 1979; Holtfreter 2005; Zeitz 1981), but to our knowledge no studies have addressed female involvement and gender differences in corporate crime. We explore serious corporate crime: accounting schemes to deceive auditors and analysts about a corporation's true financial condition, Ponzi schemes, and insider trading fraud involving large sums of money and financial loss.

We further develop Steffensmeier and Allan's (1996) gendered paradigm of criminality by drawing on literatures in criminology, gender stratification, and work and occupations to highlight linkages between underworld (organized crime groups and street-crime networks) and upperworld (legitimate organizations) sex-typing and exclusionary practices that minimize and marginalize women's participation in higher echelons of criminal and legitimate organizations and networks. In considering how *gendered focal concerns* and *gendered crime opportunities* shape women's and men's roles and involvement in white-collar crime, we provide a theoretical framework for anticipating women's underrepresentation and marginalization in corporate criminality.

No central data source exists on corporate crime offenders and collection of such data is

difficult. Our analysis is based on a unique dataset collected from a repository of indictments involving significant corporate fraud prosecutions by the U.S. Department of Justice's (DOJ) Corporate Fraud Task Force (CFTF). Formed in the aftermath of the Enron and Worldcom financial collapses, the CFTF placed special emphasis on prosecuting high-level corporate officials for executing or sanctioning major financial schemes (U.S. DOJ 2003). Frauds characterizing the Enron era mostly involved accounting malpractices to obtain business or personal advantage, including false statements of corporate assets and profits (i.e., securities fraud). By extracting information from indictments and secondary sources, we developed a database that covers 83 corporate frauds involving 436 corporate offenders; this database is one of the largest records of mid- and upper-level corporate officials and includes recent twenty-first-century cases. Also unique to our database, we collected rich details about conspiracies and offenders, including a defendant's role in the crime, company position, extent of self-profit from a scheme, and relationships among co-defendants.<sup>1</sup>

As our findings show, the kinds of financial fraud and offender characteristics represented in the CFTF are consistent with what corporate crime scholars describe as corporate or business crime, organizational crime, and elite deviance; with Sutherland's (1940) conceptualization of white-collar crime (high status and respectability); and with popular images of offenders colorfully labeled in the media as "pigs at the trough," "Wall Street fat cats," "looters in loafers," or what in 1907 sociologist Ross described as the "criminaloid businessman."

The intriguing question we address is whether at the onset of the twenty-first century, looters are gender-neutral or gender-specific (i.e., mostly men). In light of some monumental changes in gender roles and organization of gender in recent decades, most notably the large growth in women's labor force participation and representation in management and professions, one might

expect near parity between the sexes in corporate crime. But, as we theorize and as our analysis shows, gendered processes remain salient influences on women's involvement in major financial crimes.<sup>2</sup>

## PERSPECTIVES ON THE GENDER-CORPORATE CRIME RELATIONSHIP

An early and entrenched perspective on gender and white-collar crime is that women's advancement into the labor market and upward mobility have considerably reduced or eliminated gender differences in white-collar and corporate criminality (Dodge 2009; Simon and Ahn-Reading [1976] 2005). This perspective contends that women are no more moral than men, so any gender differences in corporate or serious white-collar crime involvement are due to differences in opportunity stemming from variable access to higher positions in the labor force. Select media cases of women's major frauds (e.g., Martha Stewart) and interpreting female arrests for fraud, forgery, and embezzlement (FFE) as typifying occupation-related crimes by executives, managers, and professionals may lead one to conclude that women are using newly available opportunities to commit white-collar crimes at a level and in a manner similar to men (Dodge 2009; Simon and Ahn-Redding [1976] 2005).

However, we share others' caution that the typical FFE arrest, rather than for occupational or corporate offending, is for more mundane fraud (e.g., bad checks, credit card or benefit fraud) and embezzlement involving persons in low-ranking financial or service positions (Daly 1989; Steffensmeier 1989), reflecting traditional rather than new role patterns for women. Arrest data, one of the few systematic sources on fraud and embezzlement, mainly record low-profit, less complex financial schemes, stretching definitions of white-collar crime and failing to capture the breadth and diversity of serious economic and corporate financial crimes. A few studies have

used other data to consider gender differences in occupational fraud or theft (e.g., Daly 1989; Holtfreter 2005; Klenowski, Copes, and Mullins 2010; Zeitz 1981), but virtually no research focuses on gender differences in corporate fraud.

The best known exploration to-date of gender and white-collar financial crime, broadly defined, is Daly's (1989) empirical study that included 1,342 offenders convicted of *any* fraud or nonviolent economic crime from 1976 to 1978 in seven U.S. federal district courts. Her results show that women's participation in white-collar crime was low—less than 5 percent of offenders convicted of significant organizational or corporate crimes (antitrust, bribery, and securities fraud) and only 14 percent of all offenders in Daly's sample. Women's presence was greatest among bank embezzlers—near parity with men. Many were tellers and stole funds by manipulating accounts or taking cash. According to Daly (1989), the relatively high numbers of women convicted for occupational fraud like embezzlement was due partly to their jobs having a higher degree of surveillance than men's, especially in banks or other workplaces that have regular audits of financial transactions. Many women were unemployed, and most employed women were clerical workers or in low-ranking positions. Finally, women profited less than men and espoused more family-based reasons for their crimes, whereas men gave more personal financial reasons.

More recent research, albeit scarce, supports Daly's main finding that women's involvement is higher for some types of occupational fraud, such as fraud in which employees act alone, but much smaller for other types of fraud, such as tax and securities frauds that often involve executives or managers acting in collusion. For example, Holtfreter's (2005) study of occupational frauds reported in surveys by the Association of Certified Fraud Examiners showed nearly gender-equal commission of asset-misappropriation (e.g., embezzlement), typically by low-ranking employees and those without

college degrees. In contrast, fraudulent statements were made mainly by men (70 percent), by those in management, and involved collusion.

Qualitative female-male differences in white-collar offending exist as well, which suggests more than mere job-access differences account for variation in women's white-collar crime. Zeitz (1981) and, more recently, Klenowski and colleagues (2011) identify differences in motives and justifications for occupational thefts, frauds, and embezzlements in accordance with gendered cultural expectations (see also Daly 1989). A growing body of gender and crime research shows male networks dominate joint criminal ventures, providing women marginal or peripheral opportunities for involvement in group crimes (Maher 1997; Miller 2001; Steffensmeier 1983; Steffensmeier and Terry 1986; Zhang, Chin, and Miller 2007); illicit opportunities may be gender-stratified.

We develop an empirically informed theoretical framework that emphasizes (1) the enduring role of *gendered focal concerns and socialization* and (2) the *gendered nature of opportunity*, leading to hypotheses about gender differences in white-collar corporate crime.

## **THEORETICAL FRAMEWORK: GENDERED FOCAL CONCERNS AND OPPORTUNITIES FOR CORPORATE CRIME**

Our position draws on and offers a partial test of Steffensmeier and Allan's (1996) gendered paradigm of female offending. This integrated theory of gender and offending employs traditional and feminist crime theories to explain the gender gap and contextual similarities and differences in female and male offending. The key focus is on how the organization of gender—norms, focal concerns, moral development, social control, and affiliative tendencies, as well as physical differences—shapes (1) risk preferences and motivations for crime and (2) access to criminal opportunity.

We illuminate central tenets of the gendered paradigm and apply its schema to a quintessentially serious form of white-collar crime, drawing on (1) sociological and feminist work on the organization of gender; (2) research on women in organizations, work and occupations, and business enterprise; and (3) studies in criminology on gendered patterns of offending, crime groups, and white-collar crime. We extend the paradigm to more thoroughly consider male focal concerns surrounding masculinity, which increase antisocial behavior, as well as female femininity concerns that increase prosocial, altruistic responses by women. We also elaborate on nuances of the gendered paradigm's conceptualization of criminal opportunity, incorporating an understanding of sex-segregation in economically driven crime networks (Steffensmeier 1983; Steffensmeier and Terry 1986). Using work and occupations and criminology literatures, we draw parallels between gender dynamics in the underworld and the upperworld that minimize and marginalize women's participation in corporate crime.

### *Gendered Focal Concerns and Risk Preferences*

Gender differences in orientations toward crime stem largely from different focal concerns ascribed to women and men. Norms disapproving of female deviance and crime originate from two focal concerns ascribed to women: (1) nurturant role obligations encouraging the centrality of social relationships and cooperative, communalistic orientations and (2) female beauty and sexual/moral virtue. These focal concerns also contribute to a derived, or secondary, identity in which female status or identity is linked to key men in women's lives (e.g., father or husband) and to accommodating their prerogatives. On the other hand, the lesser taboos against male crime stem largely from focal concerns ascribed to men: (1) individualistic orientations stressing autonomy and dominance/control; (2) status/achievement in the public sphere combined with provider and protector

role obligations in the private sphere encouraging competitiveness, decisiveness, and risk-taking; and (3) sexual access to and success with women. These focal concerns function as overarching cognitive schemas that shape gender ideologies, identities, and action and contribute to gender differences in moral orientations, individual and collective identity, risk preferences, and femininity and masculinity imperatives. Gendered focal concerns also shape social interactions (i.e., doing gender) by guiding expectations and appraisals of others and self with regard to risk-taking and criminal behavior. Behaviors—and potential behaviors—are accountable to and assessed by sex category.

Restraining women from seriously injurious criminal behavior and shaping their involvement in it, women are socialized to an ethic of care—to be more responsive to others' needs and to fear separation from loved ones (England 2005; Gilligan 1982). Concern for others also manifests in women's greater reluctance to engage in behaviors that are clearly harmful to other people. Overall, feminine cooperative behavior runs counter to law-breaking. Men, on the other hand, are conditioned toward status-seeking and socialized to be more independent and competitive. The separation between what is *feminine* and what is *criminal* is sharp, whereas the dividing line between what is *masculine* and what is *illegal* is often thin. Although male sex role norms do not prescribe crime, risk-taking and defying social convention are qualities more admired in men than in women. By extension, men find it easier than women to justify illegal wrongdoing because law-violating behavior, especially for status-seeking or financial reasons, is more compatible with male focal concerns. Stereotypically masculine qualities align not only with committing business fraud, but also with actions that might precipitate fraud, such as engaging in risky financial ventures or bad business deals and gambling, drinking, or sexual affairs.

Gendered focal concerns influence motivational and contextual differences in crime by contributing to gender-specific risk preferences and risk-taking styles and gendered

responses to stress. For women, the centrality of relational concerns shapes their law-violating behavior and allows the men in their lives to pull them into criminal involvement. Women are not less amenable to risk; rather, their risk-taking is less likely to violate the law and more likely to be protective of emotional commitments. Women may take greater risks to establish or sustain valued relationships, whereas men take greater risks for status, power, monetary gain, or competitive advantage. Key to the present analysis, gendered focal concerns and risk preferences are reproduced in corporate organizational settings and work networks in ways that affect female involvement and gender differences in white-collar crime.

First, research on work/occupations and business enterprise suggests women generally adhere to a different way of doing business that carries a sense of connectedness and brings a more ethical perspective to the workplace (Beutel and Marini 1995; Kodinsky et al. 2010; Loe, Ferrell, and Mansfield 2000). Corporate women, more than corporate men, use their organizational power to address issues of social responsibility and are more inclined to make people, not just profits, a priority (Jaffee and Hyde 2000; Lesch 2011; O'Fallon and Butterfield 2005). Female executives tend to score more positively on measures of socialization, self-control, empathy, social involvement, and integrity (Collins 1999). Women's ethical orientations thus hedge against involvement in white-collar crime and act as a deterrent to corporate wrongdoing.

Second, research on entrepreneurship and management styles finds that women are more risk-averse in business ventures, whereas men are more inclined toward strategic, proactive risk-taking and aggressive implementation of bold strategies in the face of uncertainty (Byrnes, Miller, and Schafer 1999; O'Fallon and Butterfield 2005). Masculine focal concerns emphasizing competition and achievement at all costs may "propel more men than women who are in middle and managerial ranks to become involved in corporate crime" (Daly 1989:772). This is especially likely in



masculine environments and criminal coalitions where men's risk-taking propensities exacerbate one another.

Third, research on stress and mental health finds that men are more focused on material goals, more vulnerable to financial strain and loss of status, and more likely to use criminal coping strategies in response to strain, whereas women are more concerned with personal relationships and gender-based discrimination, more vulnerable to interpersonal and family-related strains, and more likely to use less deviant coping strategies (e.g., prescription drugs) (Broidy and Agnew 1997). Gaining and protecting privileged status, economic power, and wealth may thus motivate men more than women to use illegal means. Women who commit business-related frauds like embezzlement tend to do so (or rationalize it) to protect their families or valued relationships, whereas men tend to embezzle to protect their status as successful businessmen, rationalizing their crimes as stemming from "normal business practices" (Cressey 1953; Zeitz 1981). Despite enculturation into a male-dominated business environment, female executives, in general, feel more guilt and find it more difficult to rationalize involvement in business-related frauds than do their male counterparts.

Fourth, research on business crime and occupational deviance finds that even when similar on-the-job theft or fraud opportunities exist, women still are less likely to commit crime (Franklin 1979; Levi 1994) and, when they do, their crimes tend to yield lower gains (Daly 1989; Franklin 1979). Along with differences in moral orientations and risk-taking, men and women may also differ in how they view opportunities for corporate fraud, because women who move into top management positions may be deterred by their unique placement and sense they are watched more carefully than men in those positions (Benson and Simpson 2009).

Based on gendered focal concerns and previous crime/deviance and work/occupations research, we expect the following:

*Hypothesis 1:* Women's corporate crime involvement will be much lower than men's involvement.

*Hypothesis 2:* Women's economic gains from corporate crime will be less than men's fraudulent economic gains.

### *Gendered Crime Opportunities: Exclusionary Network Practices*

The group nature of most corporate schemes, which involve collusion or conspiracy, is often ignored in the literature on the female employment-crime relationship. Two distinct opportunity structures exist for women's corporate crime involvement—one element involves being suitably located or situationally available for participation in a scheme (opportunity via job access) and the second requires being suitably defined or recruited to participate in the activity by those running the scheme (opportunity via network access). Organizational sex segregation literature suggests that even when women occupy higher-level organizational positions, exclusionary practices limit their involvement in predominantly male informal networks at work (Gorman and Kmec 2009; Kanter 1977). Crime research also documents sex-segregated practices that limit and shape women's involvement in underworld crime groups (Maher 1997; Miller 2001; Steffensmeier 1983; Steffensmeier and Terry 1986; Zhang et al. 2007). We will discuss how these two selection-exclusion processes restrict and shape women's participation in corporate crime networks.

### *Opportunity via Job Incumbency*

Statistics suggest women's opportunities to commit corporate crimes as top executives remain limited; however, their opportunities for corporate crime as mid-level managers and supervisors have markedly increased (Catalyst 2011). Only basic information is available on the distribution of women in the workforce at varying levels of management

or professional positions, but broad-based Census Bureau surveys indicate that women today (1) are about as likely as men to be in the paid workforce and (2) are strongly represented in corporate America in mid-level roles. Women are about three-quarters of all financial workers; occupy one-half of all managerial, administrative, and professional positions; are the majority of technical and clerical white-collar workers; and are about half of all accountants, many as corporate professionals (Huffman, Cohen, and Pearlman 2010). However, case studies of *Fortune 500* companies find women comprise only about 15 percent of senior executive positions (Catalyst 2011). It seems the number of women occupying the highest corporate positions remains low, but we lack comparable data for the thousands of public and private U.S. corporations.

Available evidence also suggests that mid-level officials are as likely as top management to be involved in corporate wrongdoing and targeted for prosecution (Clinard and Yeager 2006). Mid-level officials have considerable decision-making autonomy regarding investment, pricing, marketing, and production and they direct staff to carry out top-management's objectives. Opportunities for white-collar crime via professional and managerial position may thus be near equal for women and men.

*Hypothesis 3:* Women involved in corporate crime are more likely than their male counterparts to be in low-ranking corporate positions.

Linkages between underworld and upperworld processes of institutional sexism and homosocial reproduction exclude women from male work networks, including networks that carry out conspiracies, and restrict criminally involved women to sex-typed roles. Institutional sexism—rules, prejudices, and stereotypes associated with gender, race, or other social characteristics—helps or hinders a person's potential enactment of various social roles. Through homosocial reproduction, or "like chooses like," sexism and male

domination in the underworld—and in the upperworld—are perpetuated, particularly in more lucrative, high-risk arenas (Steffensmeier 1983; Steffensmeier and Terry 1986). Sex shapes opportunities for developing legitimate and illegitimate social networks within organizations and alliances; this lessens women's opportunities to form the strong networks and develop the trust among business associates that facilitate collusion to carry out and cover up complex corporate schemes.

The rich and growing literature on men's sexism toward women in economically driven crime networks (e.g., Maher 1997; Miller 2001; Zhang et al. 2007) supports Steffensmeier and Ulmer's (2005:221) assertion: "Sex-segregation in the underworld . . . powerful[ly] inhibits [women's] access to illicit-business work roles and in large part . . . forecloses their participation as high-level operators." Among men involved in illicit pursuits, women are seen as less likely to have criminal capital or valued traits and competencies, such as trustworthiness, criminal capabilities, nerve to carry out a scheme, worthwhile social connections, and the mettle or ambition to profit highly (Steffensmeier and Terry 1986). Not only are women less likely to be recruited into corporate conspiracies, they are less able to recruit others should they wish to orchestrate an illegal scheme.

However, women will not be excluded entirely and some women undoubtedly play central roles in corporate conspiracies. Many underworld operators, while professing a preference not to work with females, sometimes do so. Men are more likely to commit crimes with a woman when (1) a romantic or close personal relationship exists, (2) an exceptional woman has carved out a niche in the underworld, or (3) there is utility in deploying a woman for safety or profitability, such as when women create less suspicion, have access to helpful information or specialized skills, attract a more willing or less fearful clientele, or prevent missing out on a good opportunity when male accomplices are not available.



*Hypothesis 4:* In comparison to their male counterparts, women involved in corporate crime tend to play marginal rather than central roles.

*Hypothesis 5:* Women involved in corporate crime will demonstrate a tendency toward romantic affiliations with male co-offenders.

*Hypothesis 6:* Women involved in corporate crime will have high utility for carrying out a fraud due to their strategic company position processing and reporting financial data.

Consolidating key themes from our theoretical framework, we expect women's corporate crime involvement to be much lower and more marginal than men's involvement because women may be more averse to risky financial ventures, abusing positions of organizational power, and winning-at-all-costs in economic matters. Furthermore, women may hold fewer top-level corporate positions that are conducive to illegal collusion and they may be excluded by male colleagues from crime groups and unable to recruit suitable partners to direct a conspiracy.<sup>3</sup>

## DATA AND METHODS

Our analysis makes use of an online repository of major indictments initiated by the Corporate Fraud Task Force (CFTF) in the wake of the Enron scandal, covering cases from July 2002 through 2009, with most occurring between 2003 and 2006. Each case in our analysis involved one or more indictments and provided information on specific defendants, company characteristics, the alleged scheme, and charges. In total, our analyses include 83 cases of corporate fraud involving 436 defendants (corporations and the number and sex of indicted defendants are listed in Table A1 in the Appendix).<sup>4</sup> Official indictments allowed for multiple levels of analysis. We developed a systematic coding scheme to quantify characteristics of the (1) company, (2) offense, and (3) defendant.<sup>5</sup>

We supplemented our core database and reduced missing data by gathering additional case information about companies or defendants in four ways: (1) reviewing annual reports and press releases issued by the DOJ about specific cases; (2) consulting publications like company quarterly reports filed with the U.S. Securities and Exchange Commission (SEC) and Hoover's or Dun & Bradstreet for company information like size and industry sector; (3) obtaining Federal Bureau of Prison information for convicted defendants sentenced to incarceration (e.g., age and gender); and (4) conducting Internet searches of news archives, government records, and other online sources to acquire more information on defendants' age, position in company, and role in a scheme.<sup>6</sup>

Owing to our interest in gender and corporate offending, a major undertaking was to gain added information on all female defendants on the nature and circumstances surrounding their involvement in corporate conspiracies. Newspaper, magazine, and journal articles on a case (e.g., based on courtroom testimony or investigative reporting) and documents from federal enforcement agencies (SEC, IRS), such as follow-up civil complaints against a company, were useful electronic sources. Based on the information elicited, we coded several characteristics of women and their participation in corporate fraud. We divided key concepts and their measurement into company and offense characteristics, then defendant characteristics.

### *Company and Offense Characteristics*

*Company size*, measured as number of employees on payroll, is based on SEC reports filed by individual companies. We used the quarterly report immediately prior to an indictment's filing. We coded *industry sector* of CFTF companies according to the 2002 *North American Industry Classification System* based on company profiles of primary business activities. We describe company size and industry because of their importance in prior research on corporate (white-collar)

offending (Clinard and Yeager 2006; Simpson 1986; Wang and Holtfreter 2012).

Four categories designate the principal *offense conduct* that formed the legal basis for indictment charges.<sup>7</sup> Many conspiracies involved additional schemes, but we did not code secondary offenses, like insider trading that occurred as a company faced large stock losses or bankruptcy.<sup>8</sup> We distinguish between conspiracies committed mainly for business advantage to *benefit the company*, and schemes perpetrated primarily for *personal gain*. We further subdivided self-dealing for personal gain into three categories: *Insider trading* is trading in violation of the trust and confidence of investors and the public by using privileged (non-public) information. *Ponzi scheme* is an investment fraud involving payment of returns to existing investors using funds solicited from new investors, while skimming off funds for personal use. *Looting the company* involves stealing from a company by means such as high compensation, purchase of property or goods for personal use, diverting monies to family, and embezzlement.

We calculated *duration* of a scheme from the start of the evidential trail used as the legal basis for establishing probable cause to when an indictment was filed. Many frauds were likely operative prior to the earliest tangible proof, so this measure reflects minimum duration.

*Group size* is the number of defendants named in an indictment as participating in the conspiracy.<sup>9</sup> Because a substantial number of indictments identify additional unnamed participants (“others known and unknown”) who were not indicted (e.g., due to manpower restrictions preventing investigation or because they provided evidence against top conspirators), this measure reflects the minimum number of co-conspirators.

### *Offender Characteristics*

We coded *gender* using an indicted defendant’s name. For androgynous or unfamiliar names, we used textual clues (e.g., gender

pronouns) or other sources (e.g., Federal Bureau of Prisons).

We measured *age* at the time of indictment. Although not recorded in indictments, we obtained defendant age for most cases from online searches or other sources (e.g., Federal Bureau of Prisons).

We categorized *position in company* into four levels according to decision-making responsibility and corporate hierarchy, based on descriptions in the indictments and supplemented by secondary sources (e.g., press reports of court testimony). Because one’s position in a company may change during a scheme, we coded defendants’ positions when they became most involved.<sup>10</sup> *Top management* includes the highest level executives (e.g., president/chairman, chief executive officer, CEO; chief financial officer, CFO; chief operating officer, COO; and secretary/treasurer). *Upper-level officials* are upper-management positions with vice president in the title or others directly responsible for implementing top-management’s priorities. *Middle-level officials* comprise all other lower-level positions within a company. *Associates* refer to any other defendant who was neither employed nor affiliated with the company charged in the indictment or a colluding company.

*Role in the scheme* refers to a defendant’s involvement in instigating, fostering, and executing the scheme and is indicative of institutionalized sexism to the extent that women play marginal roles, controlling for structural opportunities (corporate position). Key markers for assignment into one of four levels include number and range of charges, whether a defendant gave or followed orders, and whether a defendant instigated or proactively developed procedures to implement the scheme or cover it up versus reactively followed policy directives from superiors. Levels of involvement are the following: *ringleaders* initiated or orchestrated a scheme or played a primary leadership role; *major players* proactively furthered a scheme but did not initiate or orchestrate it; *in-between players* executed part of a scheme or its

cover-up as directed or encouraged by a superior but with some diligence or inventiveness once involved; and *minor participants* were mostly reactive, acting at the behest of a superior or in some minor capacity, such as following orders or acting in other complicit ways.

Based on our in-depth electronic information search on women, we categorized four attributes reflecting important dimensions of the gendered paradigm and institutionalized sexism: utility for the scheme, male affiliation, self-profit relative to co-conspirators, and culpability. We assessed *utility for the conspiracy* based on whether a woman's involvement was strategic or instrumental for carrying out the conspiracy because of her duties within the company, such as serving as a conduit or gateway for processing information (e.g., recording financial transactions or submitting revenue or compliance reports), implementing or administering payroll, or communicating with external organizations or agencies (e.g., auditors, regulatory agencies, or rating agencies). Key here is the ease versus difficulty with which a conspiracy's chief operatives can bypass this defendant because of her position or expertise in the company.<sup>11</sup> *Male affiliation* records whether a woman was personally connected to a male co-conspirator, such as being a spouse or through a close boss-employee relationship (e.g., a longtime assistant). *Self-profit relative to same-company co-conspirators* indicates whether a woman's personal profit was greater, the same as, or less than that of her male co-conspirators. *Culpability* codes female involvement as falling on a continuum from strongly reactive to strongly proactive in response to inducements or pressures to engage in a scheme.

Like any data source, ours has some strengths and some caveats. Strengths include a database that represents twenty-first-century cases of corporate illegality, contains a sizable number of upper-level white-collar offenders, and yields considerable information about key dimensions of corporate offending and female involvement. One important caveat is

that we do not know the extent of corporate fraud underreporting or how CFTF cases differ from cases in which no legal action was taken (Simpson 1986). CFTF cases likely represent more harmful or longer-running schemes and the most centrally involved defendants. Caution is also advised in generalizing beyond the kinds of fraudulent accounting schemes represented in the CFTF. More central to our analysis, however, are between-sex differences in the production of official data. Available research generally shows that sex distributions in official data (e.g., arrests, indictments, and convictions) generally match comparable unofficial estimates, particularly for more serious offenses (see review in Schwartz, Steffensmeier, and Feldmeyer 2009). Although obviously problematic for estimating absolute levels of corporate crime (whether for females or males), CFTF indictment data likely provide reasonably robust indicators of relative differences between the sexes in involvement in serious corporate financial fraud.

## FINDINGS

To characterize major twenty-first-century corporate crimes, we describe companies, conspiracy groups, and individuals involved in these frauds (Table 1). To delineate the extent and nature of women's involvement, we use several approaches: descriptive (Table 2), regression that probes for institutionalized sexism by assessing gender differences in role centrality and financial gain (Table 3), and qualitative case studies of female positions and roles in corporate crime groups.

### *Case, Company, and Offender Characteristics*

*Type of conspiracy.* The majority of schemes prosecuted by the CFTF were designed to gain business advantage to *benefit the company* (69 percent) (see Table 1, which provides an overview of key case, company, and offender characteristics for all

**Table 1.** Attributes of Corporate Frauds: Offense, Company, and Offender Characteristics

Offense Characteristics (n = 83)			Company Characteristics (n = 83)		
	n	%		n	%
<i>Offense Conduct</i>					
Company Benefit	57	69	Employees (n = 66)		
Insider Trading (self-benefit)	6	7	0 to 100 Employees	6	9
Ponzi Scheme (self-benefit)	7	8	101 to 500 Employees	17	26
Looting (self-benefit)	13	16	501 to 1,000 Employees	9	14
<i>Financial Loss to Investors (n = 54)</i>			1,001 to 5,000 Employees	12	18
Less than 10 Million	7	13	More than 5,000 Employees	22	33
10 Million to 100 Million	22	41	Employee Mean		7871
100 Million to 1 Billion	17	31	Employee Median		1039
Greater than 1 Billion	8	15	Employee Range		7 to 77,258
Financial Loss Average		1.22 billion	<i>Industry Sector (NAICS)</i>		
Financial Loss Median		100 million	Professional/Scientific/Technical and Management Services	19	23
Financial Loss Range		206,000 to 14 billion	Finance/Insurance, Real Estate, and Healthcare	19	23
<i>Offender Group Size</i>			Information	12	14
Solo Offenders	14	17	Manufacturing and Construction	16	19
Small Group (2 to 4 offenders)	36	43	Wholesale and Retail Trade, Entertainment and Accommodations, and Utilities	17	21
Medium Group (5 to 7 offenders)	16	19	<i>Fortune 500 Status</i>		
Large Group (8 to 10)	9	11	Region of Company (n = 81)	11	13
Extra Large Group (11+)	8	10	East	31	38
Group Size Average		5	Central	15	19
Group Size Median		4	West	35	43
Group Size Range		1 to 34	<b>Offender Characteristics (n = 436)</b>		
<i>Duration of Scheme</i>			<i>Age of Offender (at indictment)</i>		
0 to 2 Years	50	60	Age Mean		47
3 to 4 Years	13	16	Age Range		25 to 81
5 to 6 Years	7	8	<i>Position in Company</i>		
7 to 8 Years	7	8	Top Executives	191	44
9+ Years	6	7	Upper-Level Officials	107	25
Duration Average (years)		3.40	Mid-level Officials	134	31
Duration Range (years)		.083 to 18	Associate	4	1
			<i>Defendant Role</i>		
			Ringleader	159	37
			Major	138	32
			In-between	96	22
			Minor	43	10

Note: Industry sector categories are based on North American Industry Classification (NAICS) two-digit sector codes aggregated as follows: 1. Professional, Scientific, and Technical Services (54); Management of Companies and Enterprises (55); Administrative and Support and Waste Management and Remediation Services (56). 2. Finance and Insurance (52); Real Estate and Rental and Leasing (53); Healthcare and Social Assistance (62). 3. Information (51). 4. Manufacturing (31 to 33); Construction (23). 5. Wholesale Trade (42). Retail Trade (44 and 45); Utilities (22); Transportation and Warehousing (48 and 49); Arts, Entertainment and Recreation (71); Accommodation and Food Services (72).

83 cases and 436 offenders in the CFTF database). The remaining 31 percent of financial frauds were primarily for *self-profit*: looting the company (16 percent), Ponzi scheme (8 percent), or insider trading (7 percent). Even in schemes primarily motivated by business advantage, many conspirators gained through bonuses and other compensation, stock options, and misuse of corporate property.

*Financial loss.* Although difficult to accurately measure, total *investors' losses* were well into the billions across these cases. Select cases alone involved losses of hundreds of millions of dollars and the majority of frauds each caused loss in excess of \$10 million. Losses ranged from less than \$5 million (Network Technology Group) to a billion or more (e.g., Enron and HealthSouth). Even more staggering, these figures are underestimates because information was sometimes insufficient to fully determine investors' losses and other costs were unmeasured (e.g., more than 5,000 Enron employees lost their jobs; loss to investors and workers was estimated at \$50 billion).

*Group size and duration of scheme.* *Group size* varied from a single indicted defendant (14 cases) to as many as 34 co-conspirators in the Enron indictment. The majority of conspiracies (62 percent) fell in the range of two to seven co-conspirators. These small groups probably best represent defendants who were centrally involved and most culpable in the fraud but underrepresent those marginally involved.

The *duration* of some conspiracies was short-lived, such as the ImClone and Network Technology conspiracies that lasted less than one year, whereas others endured upward of five years, like Enron. The average duration of corporate conspiracy was about three years.

*Company characteristics.* Companies in which major corporate frauds occurred were a mix of small, medium, and very large corporations. Roughly one-third had 500 or fewer employees; one-third were moderately sized with 501 to 5,000 employees; and

one-third were large corporations with more than 5,000 employees. Companies were distributed nearly equally across four of five (aggregated) industry sectors: professional/scientific/technical and management services (23 percent); finance/insurance and real estate and healthcare (23 percent); information (14 percent); manufacturing and construction (19 percent); and wholesale and retail trade, entertainment and accommodations, and utilities (21 percent). About 13 percent ( $n = 11$ ) were *Fortune 500* companies. Most prosecutions took place in the eastern (e.g., New York) and western parts (e.g., California) of the country, consistent with their regional dominance in the corporate world.

*Offender characteristics.* Corporate conspirators, on average, were in their mid-40s, considerably older than conventional property offenders, whose average age is mid-20s in arrest statistics. Substantial shares of offenders were top executives (44 percent) or upper-level officials (25 percent), positions of considerable authority within organizations. A sizable number of mid-level officials (31 percent) were involved, as well as a small number of associates (subsequently collapsed into the mid-level category).

Among the indicted, the majority played a ringleader (37 percent) or major role (32 percent) in the corporate scheme; few played minor roles (10 percent). The high percentage occupying central roles reflects CFTF efforts to target those most responsible for fraud. It also shows the necessity of collusion across organizational layers of a company or, sometimes, across multiple companies in which each company has a ringleader and others who played major roles (e.g., Enron).

Findings support CFTF claims about targeting powerful high-level officials of major corporations and pursuing difficult-to-prove, complex frauds. *Fortune 500* firms were prosecuted, victims incurred substantial losses, and many indicted individuals were high-level executives and conspiracy ringleaders. However, findings also substantiate Clinard and Yeager's (2006) observation that corporate crimes involve many mid-level



professionals too. And, some prosecuted cases were minor. Targeting top officials and major players for prosecution was the norm, but less so for female than for male defendants.

## SEX DIFFERENCES: ALL-MALE VERSUS MIXED-SEX CORPORATE CRIMES

Sex differences in corporate offending are evident in the large number of all-male conspiracies but are best assessed by comparing women and men in mixed-sex cases. Much greater male involvement in corporate crimes may mask or confound gender differences such that any tendency by women to play leadership roles in mixed-sex frauds might go undetected due to the high total number of men (including as the only solo offenders). We thus detail offense and offender profiles for *all-male* (column 1, Table 2) corporate conspiracies and for men (column 2) and women (column 3) in *mixed-sex* conspiracies.

Table 2 shows substantial sex differences across all-male and mixed-sex conspiracy groups (Panel A) and across female and male defendants (Panel B). Looking at the extent of female participation, all-male networks accounted for nearly three of every four corporate conspiracies; mixed-sex networks were under one-third (Table 2, Panel A). We found *no* cases of all-female conspiracy groups and *every* solo-executed fraud was perpetrated by a male defendant. The large majority of corporate conspirators were male (91 percent); only 9 percent were female (Table 2, Panel B). Consistent with our first hypothesis, female involvement was minimal—the most typical pattern showed women were not part of the conspiracy at all.

Supporting our gendered opportunity framework, all-male conspiracies were more heavily concentrated in professional/scientific/technical and management services (Table 2, Panel A); female employment is lower in these industries. Mixed-sex conspiracies were more predominant in finance/insurance, real estate, and healthcare, where women com-

prise more than half of all employees. However, occupational sex-segregation within industries and corporations also shapes gendered corporate crime opportunities and the nature of female offending.

Women's low involvement notwithstanding, an important concern is the nature of female involvement when they do participate in corporate conspiracy. Key involvement indicators are a defendant's *position in the company*, *role in the conspiracy*, and extent she *profited* from the scheme. Two comparisons assess female involvement and gender differences. One, the offender-profile percentage, measures the within-sex percentage at varying levels of a particular case characteristic, clarifying whether the profile of the typical female corporate offender differs from the typical male offender (in all-male and in mixed-sex conspiracy groups) (Table 2, Panel B). Second, the gender gap is the female-to-male percent. This between-sex measure indicates the size and direction of the sex difference in mixed-sex groups (Table 2, Panel B).

### *Position in Company*

Gender differences in organizational positions held by conspirators are sizeable. In both all-male and mixed-sex groups, the majority of male offenders held a top executive (52 and 41 percent, respectively) or upper-level corporate position (26 percent, 22 percent), whereas a much smaller portion of female conspirators were high-ranking officials—only 8 percent of women were in top management and 30 percent were in upper-level positions (Table 2, Panel B). Instead, most female offenders held mid-level positions (62 percent).

Comparing female to male co-conspirators in mixed-sex groups, as anticipated in Hypothesis 3, the gender gap is substantial across all corporate levels, but sex differences are largest for top- and upper-level positions. Only 4 percent of top executives in mixed-sex corporate schemes were women. Women's presence in mixed-sex conspiracies was somewhat greater among mid-level positions (25 percent), where opportunities for corporate crime



**Table 2.** Offense and Male/Female Offender Characteristics; All Male, Males in Mixed-Sex Groups, and Females in Mixed-Sex Groups

Panel A. Offense Characteristics	All-Male Groups		Mixed-Sex Groups	
	<i>n</i>	%	<i>n</i>	%
<i>Number/Percent of Groups in Sample</i>	59	71	24	29
<i>Offense Conduct</i>				
Company Benefit	41	70	16	67
Insider Trading (self-profit)	4	7	2	8
Ponzi Scheme (self-profit)	3	5	4	17
Looting (self-profit)	11	19	2	8
<i>Offender Group Size</i>				
Solo Offenders	14	24	0	0
Small Groups (2 to 4 offenders)	31	53	5	21
Medium Groups (5 to 7 offenders)	7	12	9	38
Large Groups (8 to 10)	5	8	4	17
Extra Large Groups (11+)	2	3	6	25
<i>Industry/Sector (NAICS)</i>				
Prof./Scientific/Tech. and Mgmt Svcs	17	29	2	8
Finance/Ins., Real Estate, and Healthcare	9	15	10	42
Information	9	15	3	13
Manufacturing and Construction	12	20	4	17
Wholesale and Retail Trade, Entertainment and Accommodations, and Utilities	12	20	5	21

Panel B. Offender Characteristics	Male Profile (All Male)		Male Profile (Mixed-Sex)		Female Profile		Gender Gap
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	% Female
<i>Number/Percent of Indictees in Sample</i>	218	50	181	41	37	9	n/a
<i>Age of Offender</i>							
Mean	48		47		43		n/a
Range	25 to 81		27 to 79		27 to 63		n/a
<i>Position in Company</i>							
Top Executives	114	52	74	41	3	8	4
Upper-Level Officials	56	26	40	22	11	30	21
Mid-level Officials and Associates	48	22	67	37	23	62	25
<i>Defendant Role</i>							
Ringleader	101	46	55	30	3	8	5
Major	74	34	57	31	7	19	11
In-between	37	17	51	28	8	22	14
Minor	6	3	18	10	19	51	51
<i>Individual Profit</i>							
None/Trivial	11	10	21	17	20	56	49
Low, Under \$50,000	8	7	3	2	3	8	50
Medium, \$50,000 to \$99,999	2	2	7	6	1	3	13
High, \$100,000 to \$499,999	15	13	15	12	6	17	29
Very High, \$500,000 to \$999,999	40	36	35	29	2	6	7
More than 1 Million	36	32	40	33	4	11	10

Note: Gender gap measures the percentage of female offenders in mixed-sex groups

may be greatest, but it was still only 8 percent when including all co-conspirators. Criminal opportunity due to job incumbency thus does not seem to be a sufficient condition for female fraud involvement: these figures are well under national benchmarks showing that women are about half of mid-level managers and around 15 percent of top executives.<sup>12</sup> Women are greatly underrepresented in fraud involvement across all corporate positions; moreover, their underrepresentation is notably enhanced when all-male conspiracies are included in comparisons.

### *Role in a Scheme*

Broken out by gender, differences in extent of involvement in a scheme are sizeable. Within-sex comparisons show the large majority of male conspirators played ringleader or major roles (80 percent of all-male conspirators and over 60 percent of men in mixed-sex groups); the pattern is opposite for female conspirators, who mostly played minor roles (73 percent). Only three female defendants (8 percent) were principal initiators of a conspiracy (two in collusion with a spouse), compared to 55 male defendants (30 percent) in mixed-sex groups.

The gender gap among co-conspirators was very large for ringleaders (5 percent female) and major players (11 percent female) but trivial for defendants playing minor roles (about half female). Consistent with Hypothesis 4 on marginal involvement, on a continuum from ringleader to minor player, women were more heavily concentrated at the accessory end of the role spectrum and men were strongly concentrated at the upper end.

### *Illicit Profit*

A useful marker of involvement is whether and how much offenders *profited* from a scheme (Steffensmeier and Terry 1986). We see substantial sex differences in who gained from fraud. The majority of male offenders personally gained a half-million dollars or more. Some women did reap sizeable financial gains, but in sharp contrast to men, more

than half the women did not self-profit at all (56 percent) or benefited very little (8 percent). Between-sex comparisons show female representation was sparse among top illicit-earners. Fewer than 10 percent of defendants with very high illicit profits were female. In contrast, the gender gap was absent among the lowest earners and non-earners. Women involved in corporate fraud tend to reap far fewer financial benefits than do men.

Table 2 shows the much lower presence or near absence of women in these corporate schemes, the relatively minor roles they played in conspiracies, and their much smaller financial gains. This suggests a fair amount of institutional sexism in corporate criminal conspiracies. Our findings so far are consistent with hypotheses derived from the gendered focal concerns, risk preferences, and opportunities perspective.

### *Multivariate Results*

A multivariate framework more stringently evaluates and quantifies gender's part in producing differences in *financial gain* and *role* in a fraud, two indicators of sex segregation. We tested whether sex continues to exert an independent effect on role and illicit profits, net corporate rank, and also the extent to which women's more marginal roles account for their lesser profits. Comparing women to men in mixed-sex conspiracies yields more conservative sex-effects estimates than judging women against men in all-male groups. Simple models minimize missing data and maximize the power of our analysis because the small *n* makes identifying significant relationships more challenging. We employed ordinal logistic regression (OLR) because the outcomes of interest are ordered categories, but the distance between categories is unknown (e.g., ringleader, major, in-between, and minor).<sup>13</sup> Significance tests relied on robust standard errors that account for clustering of defendants within conspiracy groups (i.e., correlated error terms among individuals). Table 3 displays odds ratios of a man (versus a woman) playing

**Table 3.** Odds Ratios for Role in Conspiracy and Individual Profits (Ordinal Logistic Regression)

Independent Variable	Role in Conspiracy		Individual Profits		
	Model 1	Model 2	Model 3	Model 4	Model 5
Male = 1	6.72***	4.24***	6.16***	3.81**	1.71
Company Position	n/a	2.82***	n/a	2.02*	1.15
Role in Conspiracy	n/a	n/a	n/a	n/a	3.76***
Model Information					
Wald Chi-Square	17.77***	38.61***	21.69***	29.44***	43.31***
<i>n</i>	218	218	157	157	157
Pseudo- <i>R</i> Squared	.05	.12	.05	.08	.18

Note: *p*-values are based on robust standard errors, clustered by offending group.  
\**p* < .05; \*\**p* < .01; \*\*\**p* < .001 (two-tailed tests).

a more central role in a conspiracy and profiting more from the scheme.

Model 1 (Table 3) quantifies the sex difference in conspirator roles. Men have over six times greater odds than women of playing each successively greater role in a conspiracy. Model 2 shows women's less powerful organizational positions account for some of the sex difference in role centrality, but sex still exerts a strong, significant effect on role. Successively higher corporate position increases the odds of playing a more central role in a scheme by 2.82. Controlling for defendant's corporate position (Model 2), the sex effect is reduced from seven to four, suggesting about two-fifths of the sex effect on role marginality is due to female offenders' lower corporate positions. However, ample sex differences remain: men's odds of playing a more central role are quadruple those of women in the same corporation position. Such sizeable sex differences in roles, net corporate rank, suggest that women's less powerful legitimate positions are not the primary driver of marginalization to less central illegitimate roles.

Examining sex differences in *illicit gain* from corporate schemes, being male is associated with considerably higher profits, by a factor of six (Model 3). Model 4 shows that each step up the corporate ladder doubles the odds of being in the next higher category of individual profit, from none to a million dollars or more.

Accounting for the different corporate positions of women and men involved in corporate frauds, the sex effect on illicit profits is reduced by 33 percent (from a factor of six to about four). The sex difference in profits is reduced further—by half—when accounting for the *roles* men and women played in perpetrating these schemes (Model 5).

In summary, we find persistent sex differences: women played more marginal roles in corporate fraud schemes and profited less from their involvement than did similarly situated male co-conspirators, net the different corporate positions of women and men involved in these frauds.

## FEMALE CO-CONSPIRATORS: PARTNERS OR ACCOMPLICES?

The *gendered focal concerns and opportunities* framework anticipates a substantial share of women will have close *relational ties* to a male co-offender; manifest *strategic utility* or usefulness for carrying out a scheme due to unique skills or strategic financial position; are prodded or directed by male co-offenders to participate so have lesser *culpability* and less agency; and receive a smaller *share of the profit relative to male co-conspirators* in the same conspiracy. Table 4 presents these indicators of women's marginalization in corporate fraud.

**Table 4.** Characteristics of Female Defendants

Characteristic	<i>n</i>	%
Male Affiliation ( <i>n</i> = 36)		
Spouse	8	22
Romantic partner or other important relationship (e.g., loyal assistant)	3	8
No male affiliation	25	69
Utility ( <i>n</i> = 37)		
Yes, job duties instrumental to crime	25	68
Co-owner or spouse	10	27
No, could be bypassed	2	5
Agency/Culpability ( <i>n</i> = 36)		
Strongly reactive: directed or instructed by another	19	53
Mildly reactive: persuaded to please boss or otherwise comply	9	25
Proactive: gave orders; helped develop parts of scheme	4	11
Very proactive: initiated scheme, led/directed others	4	11
Self-Profit Relative to Other Co-conspirators ( <i>n</i> = 35)		
Got the least (or tied for the least)	18	51
Got less than most other co-conspirators	9	26
Got about the same as most others	3	9
Got more or much more than most others	3	9
Got the most (or tied for the most)	2	6

*Note:* Total may not add to 37 female defendants due to incomplete information in archival data.

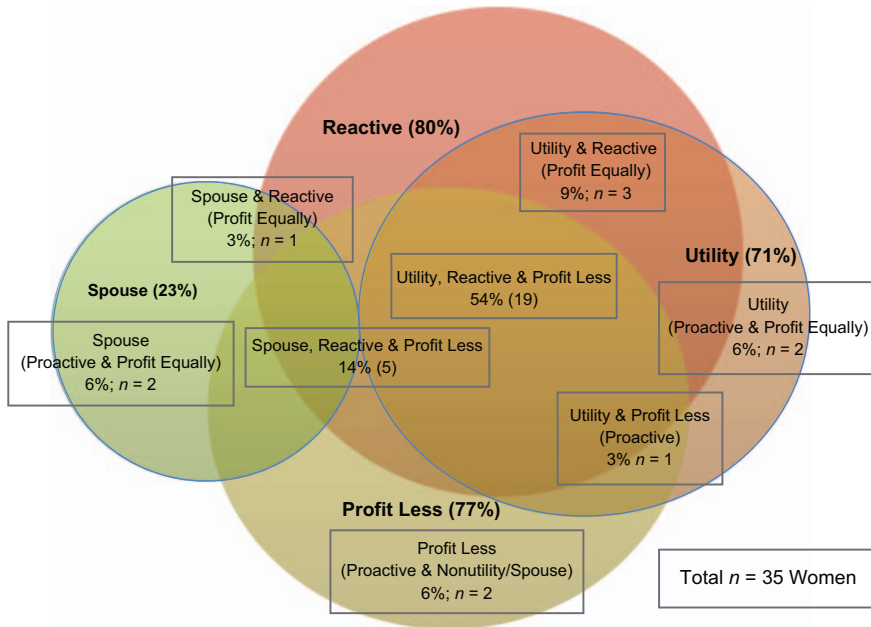
*Male affiliation.* One-third of female defendants had a close affiliation with a male ringleader or major player in a network's conspiracy. Spouses made up the majority of these relationships. Three female co-conspirators had close personal relationships with male co-conspirators, based on statements in indictments or other archival sources construing the defendant as a "close," "loyal," or "longtime" secretary, office manager, or assistant.

*Utility.* The majority of female co-conspirators (68 percent) occupied a strategic position in a company where, if manipulation about financial data was to occur, she would be the conduit or instrument for that manipulation. Depending on company size, just a few or many people may have the opportunity to make false statements about financial data via positions in accounting and compliance or other roles in which financial information is collected, recorded, and transmitted.

*Culpability.* We sought to establish whether female co-conspirators might have

faced restricted agency in their involvement pathways. Women's involvement was predominantly in response to directives or pressures from supervisors (about three-fourths); or, they were co-signers with a spouse of fraudulent tax returns. Only four female co-conspirators were strongly proactive in terms of initiating or executing a scheme, half with a spouse as co-ringleader. The other two we discuss later as unique examples of women in roles central to a conspiracy.

*Self-profit.* Research shows underworld mixed-sex partnerships are male-dominated and women receive an unequal share of the score (Steffensmeier and Terry 1986; Steffensmeier and Ulmer 2005). An analogous pattern prevails among our upperworld mixed-sex conspiracies. About three-fourths of female co-conspirators received less remuneration than their male counterparts who participated in the conspiracy (Table 4). Only five female corporate offenders profited more than most in a scheme. When women received unusually high profit, it was usually due to



**Figure 1.** Overlap in Markers of Involvement for Spousal and Utility Pathways of Women in Corporate Conspiracies

*Note:* Total  $n$  does not add to 37 due to incomplete information in the archival data for two female defendants.

being a spouse and, consequently, being involved as a co-ringleader or major player.

Characteristics reflecting marginalization likely overlap, indicating the extent to which women were accomplices versus fully participating operatives. Figure 1 shows the percent of female inductees exhibiting each combination of characteristics signifying marginal involvement: (1) followed directives or strong suggestions (*acted reactively*) versus altered financial records or executed the scheme (*acted proactively*); (2) received *financial remuneration less than* rather than equal to or greater than her male co-conspirators; and either (3a) occupied a *utility* position, such that she was of strategic importance to the scheme; or (3b) was a *spouse* of a main co-conspirator. (Note, however, two spouses played central co-ringleader roles and profited equally; see discussion below of Rebecca Parrett.)

Almost all the women (68 percent) in the conspiracy schemes prosecuted by CFTF had

marginal involvement as accomplices, exhibiting all three markers of marginalization. Over half the women (54 percent) were in positions of strategic utility to a scheme, took rather than gave directives, and profited less than their co-conspirators; an additional 14 percent of women gained entry through spousal affiliation, reactively took orders, and profited less ( $n = 5$ ) (Figure 1). No other pattern is predominant. Some women profited less than co-conspirators despite playing proactive roles ( $n = 3$ ), whereas some reactive spouses and women of utility profited as much or more than co-conspirators ( $n = 4$ ). An equally small group of women was proactive and shared equally in the profit ( $n = 4$ ). In short, many women were minor accomplices and few women possessed the constellation of full-partnership characteristics. Women's involvement resulted largely from opportunities as instruments in the scheme or via relational ties. Only the rare female offender ascended past the glass ceiling of upper-level corporate crime.

## REPRESENTATIVE CASES OF FEMALE INVOLVEMENT

To further establish the logic of our *gendered focal concerns and opportunities* framework, we present case profiles representative of various female roles across the universe of corporate co-conspirators on which we have data. These case profiles contextualize and illuminate statistical patterns of overlap in marginalization indicators shown in Figure 1. We systematically analyzed information on women from indictments and investigative government and media reports derived from trial testimony, grand jury testimony, depositions, sentencing hearings, and interviews. These sources are particularly well-suited to flesh out the nature of women's involvement, but they also shed light on women's moral evaluations, motives and justifications, and pathways of involvement (for an example of a case profile approach applied to female offending, see O'Rourke 2009). We arranged our findings by level of female involvement, starting with female-typical roles (e.g., marginal or accessory), as in the Enron case, to female-atypical roles (e.g., ringleader).<sup>14</sup> We describe company members' criminal actions in each case, to more fully identify the nature of women's involvement and evaluate whether the patterns are consistent with our theoretical framework.

### *Women's Minor Roles*

*Enron.* The first major corporate conspiracy of this century, top Enron executives were indicted for misrepresentation of financial statements or outright accounting fraud, such as falsely inflating sales, off-the-books partnerships and transactions, and concealment of expenses or bonuses to top executives. The three women among the 34 employees charged in connection with Enron's illegal accounting practices each occupied a strategically useful position for the conspiracy and played a minor or no role, similar to many women in our analysis.

Sheila Kahanek, an in-house Enron accountant, was charged with but acquitted of helping push through Enron's bogus sale of power-generating barges to Merrill Lynch to inflate Enron's earnings (*Houston Chronicle* 2005). Kahanek's trial testimony in her own defense revealed she was marginal to the conspiracy. Kahanek was left out of incriminating e-mails in which the main co-conspirators planned their actions, received no invitation to celebrate the deal because she protested the sale, and never earned a bonus on the barge deal, as did the executives, for meeting profit goals. In fact, Kahanek's unheeded multiple warnings about the impropriety of the sham sales eventually caused her to leave Enron in mid-2001.

Paula Rieker, a Board secretary and manager of investor relations, compiled business information for investors and prepared revenue reports for the Board. She had no role in the larger Enron conspiracy but was charged with insider trading for selling stock upon learning of an upcoming report of a much larger-than-anticipated loss in Enron's broadband unit. In her testimony, Rieker admitted she sometimes ignored executives' aggressive bookkeeping techniques, saying, "I fell into the role of being a good corporate citizen" (Barrionuevo 2006). However, when CEO Skilling directed her to falsify revenue reports in a news release, Rieker refused and e-mailed a top Enron official outlining the misrepresentation.

Kahanek and Rieker became involved in the fraud because of their instrumental corporate positions involving financial or compliance transactions. However, both women had moral objections to the actions deemed necessary to meet profit goals and neither woman was viewed by the men as part of the crime network. Their lack of illicit gain is consistent with their minor involvement.

Lea Fastow is one of a number of spouses in the CFTF database who played a trivial utility role in a company's conspiracy, in contrast to the major or ringleader roles played by their husbands. Her husband, CFO Andrew Fastow, was a main architect of the Enron conspiracy. Her main culpability was co-signing false



joint income tax returns that failed to report ill-gotten gains from her husband's illegal dealings, making her complicit but not proactively involved. She pled guilty to a misdemeanor tax crime and served an ostensibly lenient 10-month prison term for her testimony against Enron officials and for coaxing her husband into pleading guilty and cooperating with the prosecution. Andrew Fastow was sentenced to a 10-year prison term and forfeiture of \$23.8 million.

An interesting finding emerges from qualitative analysis of the Enron case: all three indicted women served as government witnesses, suggesting the women served a utility role for the prosecution too.

*HealthSouth.* When financial results failed to meet earnings expectations, senior executives at HealthSouth, the world's largest healthcare services provider, held "family" meetings with accounting staff who were directed to falsify HealthSouth's books to fill the "hole" with "dirt" to meet Wall Street analysts' expectations. Ultimately, 19 employees were indicted, including five women, the highest number in the corporate fraud database.

All the women (Angela Ayers, Cathy Edwards, Catherine Fowler, Rebecca Morgan, and Virginia Valentine) were in various accounting-related positions, four in the Accounting unit and one, Fowler, was Cash Manager and then Vice President of Treasury. All were issued instructions by senior personnel to falsify the financial books and create fictitious documents to conceal the massive accounting fraud. In contrast to senior officials who enriched themselves via bonuses, stock options, and loans, none of the five female defendants profited except through keeping their jobs or gaining a promotion. All five pled guilty and were sentenced to probation.

Court testimony established that the women played minor roles; they "were little more than 'data entry clerks' following orders to enter bogus accounting numbers despite having lofty titles like vice president" (Abelson 2003). The sentencing judge's candid assessment was that the women were targeted for prosecution,

not because of de facto culpability, but to provide state's evidence and testify against upper-level officials. This case demonstrates the female utility role and many women's lesser culpability—the indicted women at HealthSouth implemented superiors' directives rather than proactively executing the fraud—as well as their usefulness for the prosecution's efforts to sanction upper-level officials.

### *Women's In-Between Roles*

*National Century Financial Services (NCFS).* The \$2.8 billion scheme by one of the nation's largest financing companies of health-care-provider payrolls defrauded investors by hiding massive cash and collateral shortfalls. Eleven defendants were charged, including two women: Sherry Gibson, vice president of compliance, and Rebecca Parrett, treasurer and co-founder (with husband and COO Donald Ayers and CEO Lance Paulson). We focus on Gibson, who was in-between a minor and major participant. Parrett, a ringleader with her spouse, played a central role rarely occupied by women in significant conspiracies.

According to indictment and trial court testimony, Parrett, Ayers, and Paulson planned and implemented the scheme, directing Sherry Gibson and others to falsify reports and cover up the fraud by lying to auditors, investors, and rating agencies. Gibson, the key government witness, kept detailed records of actual versus reported transactions. Testimony showed that Gibson, despite initial reluctance to carry out the directives, became actively engaged in manipulating financial information, inventing clever accounting practices to make sure the books were in compliance. Gibson did not personally profit from her actions whereas Parrett and the male co-founders profited immensely. Gibson was convicted and received a four-year prison sentence. Parrett, Ayers, and Paulson were convicted and sentenced, respectively, to prison terms of 25, 15, and 30 years<sup>15</sup> and ordered to jointly forfeit \$1.7 billion of property from the conspiracy proceeds and pay restitution of \$2.3 billion.

## Women's Major Roles

*FLP Capital.* A business purportedly offering high-yield investments in international trading of bank financial instruments, FLP actually was a Ponzi scheme that raised more than \$11 million from at least 30 investors; the defendants misappropriated almost all the funds for their own benefit. Six defendants were indicted, including one woman, Monica Iles, an expert in financial investment transactions (i.e., instrumental utility) with a prior record for investment fraud and tax evasion (i.e., demonstrated some criminal capital). Iles was hired by the scheme's ringleaders, Daniel Benson and Frank Peltz, with whom she shared in the illicit gains, although they got larger percentages. She was sentenced to 78 months in prison compared to 188 months each for the male ringleaders. This case is useful to see how some women establish a niche or garner a reputation that provides entry and fuller participation in male-dominated crime networks.

### Unique Female Ringleader

*Network Technology Group (NTG).* A small, 125-person telecom company, NTG's downturn started when a chief customer filed for bankruptcy owing close to \$1 million, which NTG officials failed to disclose as a loss to the outside accounting firm preparing its year-end financial statements. In dollar amounts, NTG ranks as one of the smallest conspiracies in the database. Key participants were ringleader Michelle Tobin, co-founder and CEO; two male executives, CFO Thomas Bray and COO Victor Giordano; and female controller Beverly Baker.

Michelle Tobin is significant as the only independent (non-spouse) female ringleader in the corporate fraud database. Also unique, Tobin profited little from the fraud compared to other ringleaders in the database. Deposition and trial testimony and the indictment show her intentions were to save the company, not self-profit. According to one employee, "[Tobin] was desperate. The company was her life" (Jarboe 2004).

Tobin pressured Baker and other accounting staff to alter financial reports to conceal the loss, directives that at first were met with widespread reluctance. Consistent with our conceptual framework and as observed in underworld crime networks, women ringleaders may have a harder time recruiting co-conspirators. Male executives Bray and Giordano were opposed to participating but eventually played proactive or major roles facilitating the conspiracy; for example, they prodded the unwilling Baker to make the entries Tobin mandated. Tobin, too, was persistent in rebuffing reservations ("we're dead if we add up these year-end numbers"; "you'd better help us through this") (Jarboe 2004). Eventually, at Tobin's directive, Baker hid expenses and inflated accounts receivables so the company could continue borrowing money. Beverly Baker's in-between role stemmed from her utility position dealing with financial matters, making her highly functional for the scheme to proceed. Testimony indicated that Baker raised numerous reservations but, vulnerable as the breadwinner for her disabled husband, felt her job was at stake.

### Outlier: IMClone and Martha Stewart

Some portray Martha Stewart as the new or quintessential female corporate offender (Dodge 2009). Others perceive her prosecution as a DOJ publicity stunt or rooted in gender bias: a powerful businesswoman was pursued for trivial offenses while male executives at Enron and WorldCom were indicted but never jailed (e.g., Brickey 2006). Despite which view one favors, we know the following about her involvement.

Samuel Waksal, founder and CEO of pharmaceutical company ImClone Systems, gave advance notice based on an inside tip to family and friends that the Food and Drug Administration (FDA) would not approve the company's anti-cancer drug (Erbix). Following Waksal's arrest, media mogul and homemaking icon Martha Stewart was investigated for insider trading for selling IMClone stock just prior to the company's FDA announcement.

Stewart played no role in the insider trading conspiracy orchestrated by Waksal. Rather, Stewart learned through her stockbroker that Waksal was selling all of his stock. Stewart ultimately was charged with making the false statement that her stockbroker had not informed her about Waksal's sudden stock sale. Had Stewart admitted receiving this information, she could have averted prosecution. Instead, after her refusal to accept a plea and a highly publicized trial, Stewart was found guilty and sentenced to a five-month prison term. James Stewart (2011:119) writes, "Given that Stewart saved just \$46,000 on the trade, the sale of ImClone stock and subsequent cover-up surely ranks as one of the most ill-fated white-collar crimes ever."

## DISCUSSION AND CONCLUSIONS

Our findings do not comport with images of highly placed or powerful white-collar female criminals. Consistent with the *gendered focal concerns and gendered crime opportunities* framework, we found substantial gender differences in both the magnitude and character of involvement in major corporate frauds of the late-twentieth and early-twenty-first centuries. First, the majority of corporate offenders were male, less than one in ten was female; all solo-executed frauds were by men; no cases involved an all-female conspiracy; and all-male groups formed the preponderance of conspiracies—mixed-sex groups were only one-quarter of the total. Supporting Hypothesis 1, the most typical pattern showed women are *not* part of corporate crime groups at all. Second, when women do participate in corporate crime, robust qualitative differences are apparent when comparing female versus male involvement in mixed-sex groups.

*Personal gain/profits.* Female conspirators profited far less than their male co-conspirators, a disparity that persisted even when controlling for corporate rank and whether one played a major role in a scheme. Other

than perhaps some added job security, most female conspirators did not benefit financially from their involvement, as anticipated in Hypothesis 2.

*Different roles played.* Whereas the majority of male conspirators played ring-leader or major roles in conspiracies, the majority of female conspirators played minor roles. Few women were ringleaders, those that were often shared the role with their spouse. Gender differences in roles partly reflect women's greater representation at subordinate positions in companies. Nonetheless, as our multivariate analysis showed, female co-conspirators were more likely to play minor roles in schemes, controlling for company position, confirming Hypotheses 3 and 4.

*Pathways.* Women's involvement in a company's conspiracy came about through two main pathways: a *relational* pathway entailing a close personal or romantic relationship with a main co-conspirator; and a *utility* pathway in which a defendant occupied a strategic or gateway position in a company, such as in compliance or accounting, upholding Hypotheses 5 and 6. Together, these two pathways accounted for almost all female fraud cases.

*Reactive/proactive involvement.* Female co-conspirators were more reactive than proactive in their decisions to participate. A sizable portion were reluctant participants who drifted or were prodded into conspiracies because of exigencies of the positions they occupied in the company as employees responsible for financial record-keeping and reporting.

*Recruiting potential.* We tentatively conclude that female executives wishing to orchestrate a corporate conspiracy find it harder to network and recruit co-conspirators, especially highly capable and proactive co-conspirators. Although more in-depth research is needed, supportive evidence from our study includes the nonexistence of all-female conspiracy groups, the extremely low number of

female ringleaders who executed large-scale fraud operations, and the recruiting difficulties faced by the only independent female ringleader, as revealed in the qualitative analysis.

Finally, we point out a fundamental irony elucidated by the qualitative findings. It seems a sizable portion of the indicted females in our database were unduly vulnerable to indictment and prosecution not so much because of their culpability or real contributions to the conspiracy, but instead because of their *utility*: they were in mid-level, easily-monitored positions in which they collected and reported financial data that, in turn, made them useful tools for the prosecution to gain evidence and to turn state's witness against co-conspirators.

We have confidence in these findings because of their consistency with our theoretical expectations and with extant accounts and other empirical research. First, recent accounts by journalists and Wall Street analysts about the major financial scandals, including some in our database, identify few female offenders and even fewer who played central roles (see, e.g., Ajamie and Kelly 2010; Lewis 2010; McLean and Elkin 2003; Stewart 2011). Second, theory (Steffensmeier 1983) and research on underworld crime organizations show that women are excluded from or marginalized in criminal enterprises. Parallel to underworld sex segregation, gendered labor market segmentation is strongly influenced by informal exclusionary practices that limit women's entry into some roles in the economy (Gorman and Kmec 2009; Kanter 1977). As a result, women are likely either excluded entirely from lucrative criminal conspiracies or are utilized in sex-typed ways deemed most effective for the enterprise. In our study, sex-typing was seen in the high number of women occupying strategic financial-reporting positions and women's greater difficulty in recruiting co-offenders. In this sense, too, prospective female ringleaders face constraints should they be inclined to pursue more organized and lucrative forms of corporate or white-collar crime.

With this article, our goals were to develop a theory of gender differences in corporate crime and to empirically establish features of female involvement and the gender gap. Although results demonstrate robust gender differences consistent with our hypotheses, they do not reveal *how* the explanatory factors in our conceptual framework actually influence gendered outcomes. Importantly, we do not have direct measures of focal concerns or criminal opportunities theorized to shape female involvement and gender differences. An essential priority for future research, then, is to develop better measures of these underlying theoretical constructs for incorporation into large-scale statistical analyses, including information on moral orientations, risk preferences, and extent of perceived or actual opportunities. Absent such measures, scholarly interpretation of gender differences in corporate and upper-level white-collar crime necessarily remains somewhat speculative.

Future studies might (1) extend our conceptual framework to other corporate or white-collar illegalities, such as insurance or medical fraud where female workforce representation is higher; (2) study variation in corporate offending and extent of female involvement by type of company or industry, by organizational characteristics such as variation in sex composition of employees in managerial or professional positions, and by organizational culture, such as whether corporate malfeasance is more or less normative; and (3) compare and interrogate gendered patterns of corporate crime, where the gender gap is quite large, with those for occupational fraud, where the gender gap is small for some categories, like embezzlement or misappropriation of funds or assets (Daly 1989; Holtfreter 2005). Finally, researchers might pursue whether the *gendered focal concerns and opportunities* framework applies more broadly to understanding gender differences in other areas of crime and deviance and also, perhaps, to conventional pursuits where gendered self/other expectations and selection processes are prominent underlying factors, as in career and educational choices.

In light of concerns raised by some economists and sociologists about corporate corruption as an important cause of recent economic recessions and other societal harms, our findings raise an intriguing question: Would more women in positions of corporate leadership and power reduce corporate fraud? There are good reasons for believing so: female executives might be more ethical in their decision-making, more likely to honor the fundamental laws of financial risk and avoid risk-taking excesses both within and outside the corporate setting, and less likely to create or foster a criminogenic organizational culture. Organizational sociologists have long noted the importance of corporate leadership in establishing a corporation's moral climate and providing credible oversight to restrain the lure of naked self-interest and short-sighted greed (Barnard 1938). Besides providing more credible oversight (more likely to monitor, establish directives, and accept regulatory oversight), more female

leaders and high-level officials would also mean fewer tempted individuals—the two main ingredients organizational scholars highlight as crucial for deterring corporate or organizational wrongdoing (Shover and Grabosky 2010). Alternatively, it is plausible that more women would not make any difference because of organizational inertia and because women who move up the corporate ladder will be socialized into the ethos of commercial interests and market dominance at all costs.

Testing these alternative hypotheses awaits growth in the number of women in corporate leadership positions. For now, paralleling gendered labor market segmentation processes that limit and shape entry into economic roles, and consistent with gendered opportunity structures in underworld crime networks, the same informal exclusionary practices operate among criminal co-conspirator networks in organizations, suggesting minimal changes have occurred in at least some fundamental forms of gender stratification.

## APPENDIX

Table A1. CFTF Database of Frauds: Companies, Number Indicted, and Number of Females

	Company Name	# Indicted	# Females	Company Name	# Indicted	# Females
1	Adapttec	2	0	30	Hamilton Bancorp Inc.	3
2	Adelphia	5	0	31	Health Maintenance Centers Inc.	5
3	Allfirst Bank	1	0	32	HealthSouth Corporation	19
4	Alliance	6	1	33	Holmes Harbor Sewer District	4
5	Allou Healthcare Inc.	9	0	34	Homesfore.com	15
6	American Banknote Corp.	3	0	35	HPL Technologies	1
7	Anicom	7	1	36	ImClone Systems Inc.	5
8	AOL/Purchase Pro 2	10	0	37	Indus International Inc.	2
9	AremisSoft	3	0	38	Informix Corp.	1
10	Bio Control Technology	1	0	39	Intrust	7
11	Capital City Bank	2	0	40	Just for Feet	6
12	Capital Consultants	4	0	41	Katun Corporation	12
13	Cendant (CUC)	9	2	42	L90	6
14	Charter Communications Inc.	4	0	43	Lason Inc.	4
15	Computer Associates Intl.	9	0	44	Leslie Fay Companies Inc.	2
16	Countrymark Cooperative Inc.	1	0	45	Manhattan Bagel Company Inc.	4
17	Credit Suisse First Boston Corp.	1	0	46	Maryland Retirement and Pension Sys.	3
18	Critical Path	4	0	47	McKesson Corporation	7
19	Cylink Corporation	2	0	48	Media Vision Technology Inc.	2
20	Dynegy/Nicor Inc.	8	2	49	Medi-Hut Company Inc.	4
21	Econnect	1	0	50	Mercury Finance Company	4
22	Enron	34	3	51	Mortgage Corporation of America	7
23	Enterasys Network Systems Inc.	14	1	52	Motorcar Parts and Accessories Inc.	2
24	Financial Advisory Consultants	1	0	53	Nat. Century Financial Enterprises Inc.	11
25	FLIR Systems Inc.	3	0	54	NESCO	2
26	FLP Capital Group Inc.	6	1	55	Network Associates Inc.	3
27	FPA Medical Management Inc.	1	0	56	Network Technology Group	4
28	Genesis Intermedia Inc.	9	0	57	Newcom	4
29	Golden Bear Golf	2	0	58	NextCard Inc.	2

(continued)



**Table A1.** (continued)

	Company Name	# Indicted	# Females	Company Name	# Indicted	# Females
59	Peregrine Systems Inc.	17	1	73	Suprema	9
60	PinnFund, U.S.A., Inc.	10	1	74	Symbol Technologies Inc.	13
61	PurchasePro.com	2	0	75	Targus Group International Inc.	1
62	Quest Communications International	7	0	76	U.S. Technologies Inc.	1
63	Quintus Corporation	1	0	77	U.S. Wireless Corporation	2
64	Reliant Energy Inc.	4	1	78	Unify Corporation	1
65	Rent-Way Inc.	3	0	79	Vari-L Company Inc.	6
66	Republic NY Securities Corp.	4	1	80	Waste Management	4
67	Rite Aid Corporation	6	0	81	Westar Resources Inc.	2
68	San Clemente Securities Inc.	4	0	82	Worldcom Inc.	6
69	Sirena Apparel Group Inc.	2	0	83	Zurich Payroll Services Inc.	1
70	Smith Technologies	8	2			
71	Standard Automotive Corporation	2	0		TOTAL	436
72	Stevens Financial Group	7	1			37

*Note:* The CFTF database also included eight companies indicted for fraud in which no individual defendants were identified because the Department of Justice either reached a settlement with the company in lieu of criminal prosecution of individual defendants or deferred prosecution of specific individuals pending further investigation (U.S. Department of Justice 2003). The eight companies are AEP, AIG, Arthur Andersen, Canadian Imperial Bank of Commerce, Merrill Lynch, Micrus Corporation, Monsanto Company, and PNC-ICLC Corporation.

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## Notes

1. We use the terms “groups,” “conspiracy,” and “network” interchangeably to describe CFTF frauds that involved collaborating individuals. The term *network* is often used in criminology to characterize a flexible, dynamic, emergent organizational form in which actors may have direct or indirect ties to one another (Morselli 2009), as in a drug or gang network. In a *group*, all collaborators are directly tied, as in a co-offending group. CFTF frauds likely include both networks and groups.
2. Our empirical analysis focuses on corporate crime and criminals, but our theoretical perspective likely extends to other sorts of serious white-collar crime. Corporate crime, committed with an organization’s support or implicit approval, is distinguished from ordinary forms of employee theft, occupational fraud, or other white-collar crimes committed against an employer where the organization is the victim (see Holtfreter 2005).
3. Paralleling theoretical explanations of occupational sex-segregation and the consequent pay gap (Reskin, McBrier, and Kmec 1999), our framework on illegitimate enterprises conceptualizes gender as operating across various levels to predict women’s limited and marginalized white-collar crime involvement. We likewise focus on (1) women’s socialization and risk preferences; (2) stereotypes of women as less-than-ideal partners; (3) informal recruitment networks reluctant to select women as leaders or co-participants; and (4) organizational practices and power arrangements that limit women’s entry into positions or groups.
4. The CFTF also included eight cases (see the note to Table A1 in the Appendix) in which the company but no individuals were indicted. These cases are substantially similar to the 83 companies in our study group in terms of industry sector, offense type, and loss to investors.
5. To test the coding scheme and improve reliability and validity of results, three people coded potentially ambiguous variables, like role in a scheme. Inter-coder reliability was high (e.g., over .85), but any disagreements were reviewed by the first author and resolved via consensus among coders.
6. Indictments provided complete or near-complete data on (1) offense characteristics and (2) defendants (except age). We gathered company characteristics from Hoover’s. For female cases, indictments were the primary source on male affiliation (one-half), utility (two-thirds), agency (two-thirds), and self-profit relative to other co-conspirators (two-thirds).

Supplemental information filled in nearly all missing data (except two cases for self-profit and one case for male affiliation and agency).

7. Common legal charges such as securities fraud or falsifying business records cover heterogeneous acts, simple and complex, and thus are not very informative.
8. The offense designation is company-level. Some defendants, however, were not charged with the company-level offense but with other illegalities (e.g., insider trading or tax violations), and other defendants were charged with both the company offense and other illegalities (e.g., insider trading, theft, money laundering, receiving kickbacks, or tax violations).
9. Conspiracy refers to two or more persons jointly involved in an illegal scheme; we use this term for parsimony and because most schemes involved co-conspirators rather than solo-offenders.
10. Some imprecision of measurement likely exists due to variation across companies in titles and corresponding job responsibilities and because a defendant’s job title might change during a conspiracy.
11. Spouses and co-owners of corporations were not coded as being in positions of strategic utility. Spouses were not necessarily employed by a corporation so could not have job duties instrumental to the crime. Owners are important gatekeepers to the commission of a crime, but typically in ways beyond being useful or efficacious for a scheme to occur. Two women were both spouses and co-owners.
12. For about half the corporations in our study, we could identify the sex composition of top management (e.g., CEO and COO) when the fraud unfolded based on SEC and other archived reports listing senior executives’ names or identifying the female proportion. About 13 to 14 percent of senior executives in these firms were women.
13. Diagnostic tests showed the ordinal logistic regression assumption of parallel regression lines was met; slopes did not differ across levels of the dependent variable. In exploratory analyses, we added several different control variables to models, but none altered the relationships reported here.
14. Reports are available upon request because citations would be needlessly voluminous.
15. Parrett fled the country after conviction, likely contributing to her receiving a longer sentence than her husband.

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- Darrell J. Steffensmeier** is Professor of Sociology at The Pennsylvania State University. A Fellow of American Society of Criminology (ASC), he has authored articles on a range of law/criminology topics. His book *The Fence: In the Shadow of Two Worlds* received the Outstanding Scholarship Award from the Society for the Study of Social Problems. Another book (with Jeffery Ulmer), *Confessions of a Dying Thief: Understanding Criminal Careers and Illegal Enterprise*, received the 2006 Outstanding Scholarship Award from the American Society of Criminology. Current research targets gender and race-ethnicity effects on crime patterns (including white-collar crime) and further developing the gendered paradigm of female offending.
- Jennifer Schwartz** is Associate Professor of Sociology at Washington State University. Her research focuses on gender and crime; stratification, family structure, communities, and crime; and how social change impinges on trends in crime and social control. Her research on trends and correlates of girls' and women's violence and substance abuse and socio-legal responses to it has been funded by the National Institute of Justice, the National Institutes of Health, and published in *Social Problems*, *Criminology*, *Journal of Marriage and Family*, and *Addictive Behaviors*.
- Michael Roche** is a doctoral student in the clinical psychology program at The Pennsylvania State University. He has published five peer-reviewed journal articles, three book chapters, along with numerous conference presentations. His research focuses on how personality pathology manifests through social and functional impairment in daily life. Michael is the current President-Elect of the Society for Personality Assessment Graduate Student Association, and the Graduate Student Representative for the Society for Interpersonal Theory and Research.