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# **WHITE COLLAR CRIME: A CHALLENGE TO ETHICS, LAW, AND SOCIETY**

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## **ABSTRACT**

In recent years, white collar crimes have continuously increased across the world due to corruption, misuse of technology, greed for wealth, weak regulatory mechanisms, and growing opportunities within professional and corporate sectors. This growing tendency of white-collar crimes in different sectors has widely affected the entire society & has evolved as terrorism before the nations including India. Such crimes promote distrust toward social and human values. White collar criminals are respected and high-status individuals in society who misuse their positions to commit crimes. Considerable research and writing have been done on these crimes in different countries, but in India, comparatively little attention has been given to this issue and it has become a high-profile cultural status. Ignoring crimes committed by the elite class may lead to dangerous consequences in the future. Therefore, it is necessary to identify the problem of white-collar crime and assess its harmful impacts. In the present scenario, it is also extremely important that people become aware of such crimes, oppose them, and continuously strive for their eradication so that social development is not hindered.

## **KEYWORDS**

White Collar Crime, Crime, Society, Values, Morality, Elite Crime, Law.

## **INTRODUCTION**

Society and crime are closely related. Along with changing times, different forms of crime have also emerged, one of which is white collar crime. From a sociological view, any act that violates and threat the ideals, norms of a society in other words the social system is considered a crime. The other name of White Collar Crime is elite crime, respectable-class

crime, or upper-class crime. According to American criminologist Edwin H. Sutherland, “White Collar Crime is a crime committed by a respectable and high social status person in the course of his occupation.” White collar criminals are individuals occupying high positions in social, political, and economic fields that break laws for personal gain, yet often escape legal punishment because of their influence and authority. In this paper nature, forms, features and several others related issues of evolving white collar crimes has also been discussed because it’s a reality hampering the normalcy of nations. With the expansion of business and professional sectors, white collar crime has increased in every field. India too has witnessed many such examples, which are responsible for the moral and economic decline of society. This growing tendency of white collar crimes in different sectors has widely affected the entire society & has evolved as white collar terrorism before the nations including India. This white collar terrorism refers to a form of terrorism in which highly educated, professional, and technically skilled individuals such as doctors, engineers, professors, or software experts become involved in terrorist activities. These individuals misuse their technical knowledge and intellectual abilities to plan, promote, and facilitate terrorism, while often blending into society as ordinary citizens as the professionals and experts in their area i.e. surgeon by profession, PhD degree holders, degree in engineering, law literature, architecture etc.<sup>1</sup> These offenders are economically powerful and often attempt to influence the legal system. Even after violating laws, they continue to maintain prestige in society. This makes them more dangerous than ordinary criminals because they create moral decay, distrust, and social disintegration.

White collar crime weakens public trust both in authorities and in the justice system. The social cost of such crimes is often much greater than that of conventional crimes because they create instability and distrust in democratic institutions. In this background this paper aims to analyze the nature and forms of white collar crime, examines its harmful social and economic effects, creates awareness regarding such crimes and promotes serious consideration for controlling these offences.

### **WHAT DOES WHITE-COLLAR CRIME MEAN-**

White-Collar Crime means the crimes which are committed by those professionals who are working in businesses or government organizations. It is a term used for crimes involving

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<sup>1</sup> Example- Ayman al-Zawahiri — a surgeon by profession, Abu Bakr al-Baghdadi — holder of a PhD degree, Mohamed Atta — held a degree in architecture.

deception, concealment, or abuse of trust instead of use or threat of physical violence. People who commit white-collar crimes (commonly called white-collar criminals) usually aim to obtain money, property (including real estate), services, or some form of personal advantage, or to avoid financial loss. Common examples of white-collar crimes include money laundering, bribery, and tax evasion. Sociologist Edwin Sutherland first used the term “White-Collar Crime” in 1939 and attempted to define it as “a crime committed by a respectable person of high social status during the course of his occupation.”<sup>2</sup> Some people believe that white-collar crime refers merely the offences committed by individuals. However, others, such as Federal Bureau of Investigation (FBI), also include large-scale fraud committed by multiple people within companies or government organizations.<sup>3</sup> Organized white-collar crime carried out to benefit a company is called as corporate crime. The FBI considers combating corporate crime as the very necessitated and among the chief important responsibilities because such crimes can cause major financial losses to investors and serious damage to the American economy.<sup>4</sup> Corporate fraud often involves misleading investors, auditors, or analysts about a company’s actual financial condition by manipulating financial statements, stock prices, or other business information.<sup>5</sup>

## INDIA AND THE WHITE-COLLAR CRIMES

India has also remained significantly affected by white-collar crimes, with a long history of such offences in different sectors. Many of these crimes became landmark examples due to their large impact on society and economy, and were continuously highlighted and publicized by the media. Let us take a look at some of them.

***Punjab National Bank Scam-*** One major example is the famous PNB or Punjab National Bank scam involving Nirav Modi and Mehul Choksi. Through false and fraudulent Letters of Undertaking (LoUs), huge sums were transferred abroad with the alleged involvement of bank officials. The scam amounted to nearly ₹14,000 crore, severely affecting public trust in banks and the legal system.

***Telgi Stamp Paper Scam-*** Another major example is the stamp paper scam involving Abdul Karim Telgi. He operated a fake stamp paper business for nearly ten years with alleged support from influential officials and politicians. The scam involved thousands of crores of rupees and

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<sup>2</sup> Edwin H Sutherland, *White Collar Crime* (Dryden Press 1949) 9.

<sup>3</sup> Federal Bureau of Investigation, *White-Collar Crime* (official definition and enforcement policy).

<sup>4</sup> John C. Coffee Jr., ‘Corporate Fraud: Its Scope and Impact’ (2005) 41 *American Criminal Law Review* 1.

<sup>5</sup> Marshall B. Clinard and Peter C. Yeager, *Corporate Crime* (Free Press 1980).

demonstrated how powerful individuals could evade accountability for long periods.

***Coal Allocation Scam and 2G Spectrum Scam-*** These two scams in the history of India exposed irregularities in the allocation of national resources, causing enormous financial losses to the government. These scams involved political leaders, corporate entities, and administrative officers.

***The fodder scam in Bihar-*** This Scam exposed deep-rooted political and administrative corruption and became one of India's most widely discussed financial scandals involving large-scale embezzlement of government treasury funds meant for cattle fodder and animal husbandry.

***The Satyam Computer Services scam involving B. Ramalinga Raju-*** The Satyam scandal is one of India's biggest corporate fraud cases and severely affected investor confidence. This scam involved falsification of accounts.

***The stock market scam involving Harshad Mehta-*** In the early 1990s this scam exposed major loopholes in India's financial regulatory framework and revealed manipulation of the banking system and securities market to inflate stock prices artificially.

***Corruption allegations related to the 2010 Commonwealth Games-*** Corruption allegations which were famous in 2010 Commonwealth Games attracted extensive media attention and raised serious concerns regarding transparency and accountability in public administration. Etc.

## CHIEF CHARACTERISTICS OF WHITE-COLLAR CRIME

White collar crimes are not limited to politics and business; they also exist in professions such as medicine, law, and education. Some doctors prepare false medical reports for financial gain, helping insurance frauds and other illegal activities. Some force patients to buy medicines from selected stores in exchange for commissions. Similarly, certain lawyers misuse legal procedures and false evidence for monetary benefits rather than justice. Corruption is also found in educational institutions where admissions may be granted through bribery, lowering educational standards. In the verdict of *State of Gujarat vs. Mohanlal Jitamal Porwal* (1987)<sup>6</sup>, the Apex Judiciary observed that:

“Murder may be committed in the heat of the moment, but economic offences are committed with cool calculation and deliberate design for personal profit.” So these crimes consisted of several features such as-

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<sup>6</sup> AIR 1987 SC 1321.

- **Educated Extremism-** In these crimes educated, middle-class, and urban-background individuals are involved in extremist activities such as Bombings, shootings, or suicide attacks targeting civilians or government institutions, Radicalization and recruitment, Hate speech and incitement, Cyber extremism, Funding extremist organizations etc.<sup>7</sup>
- **Ideological Motivation-** Justifying violence in the name of moral, political, or religious “justice.”
- **Technical Expertise-** Use of engineering, IT, medical, or financial knowledge to support terrorist activities.<sup>8</sup>
- **Digital Radicalization-** Recruitment and indoctrination through online chat groups, encrypted applications, and social media platforms.
- **Social Camouflage-** Ability to integrate smoothly into society, making identification difficult for security agencies.
- **Moral Justification-** Presenting violence as a religious or moral duty. etc.

## TYPES OF WHITE-COLLAR CRIME

Over the decades, different forms of white-collar crime have developed as new opportunities emerged. A famous early example was Charles Ponzi, who operated investment fraud schemes in the 1920s, leading to the term “Ponzi scheme,” which is still widely used today.<sup>9</sup> In the modern digital world, developments in technology have made crypto currency a popular tool for white-collar fraud, whereas earlier crimes often involved mail fraud or wire fraud. Likewise, globalization of financial markets has created more opportunities for international investments, but it has also increased the possibility of investment fraud or securities fraud, where people profit by giving false information related to buying or selling in financial markets. Recent developments in finance and technology have also encouraged cybercrime, healthcare fraud, and intellectual property crimes involving copyrights, patents, and trade secrets.

*Some long-standing forms of white-collar crime include:*

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<sup>7</sup> The recently uncovered terrorist module in Faridabad has highlighted a new trend in India known as “White Collar Terrorism.” In this module, highly educated individuals, including doctors and engineers, were arrested along with 3,000 kilograms of explosives. This incident demonstrates that terrorism no longer arises only from poverty or illiteracy; it is now spreading among educated sections of society as well.

<sup>8</sup> The Faridabad case (2025), involving doctors and engineers.

<sup>9</sup> Mitchell Zuckoff, *Ponzi’s Scheme: The True Story of a Financial Legend* (Random House 2005).

- **Fraud-** Fraud involves situations where one person deceives another for financial gain. For example, convincing the individuals into investing in fraudulent financial scheme or selling products at highly inflated prices products at highly inflated prices by making false representations about their actual worth.
- **Embezzlement-** Embezzlement occurs when a person entrusted with managing money or property for another person or organization misuses it for personal purposes. For example, a financial adviser spending a client's money on personal expenses instead of its intended purpose.
- **Bribery-** Bribery refers to the act of offering, giving, receiving, or soliciting money, gifts, or any valuable benefit in order to improperly influence influence the actions of a public official or someone performing a legal or public duty.
- **Tax Evasion-** A person or company may commit tax evasion by hiding income or assets from tax authorities to reduce the amount of tax payable. This should not be confused with tax avoidance, subjected to the use of lawful methods and financial arrangements to reduce or minimize tax liability within the framework of existing taxation laws.
- **Money Laundering-** If someone earns money through criminal activities, they usually attempt to hide its illegal source. Money laundering refers to a series of financial transactions used to conceal the origins of illegally obtained money or property.

### **SOME MAJOR ROOT CAUSES OF THE PROBLEM**

- **Increasing Number of Educated Extremists-** Terrorist organizations are increasingly attracting doctors, engineers, teachers, and other professionals. The recently uncovered terrorist module in Faridabad has highlighted a new trend in India known as "White Collar Terrorism." In this module, highly educated individuals, including doctors and engineers, were arrested along with 3,000 kilograms of explosives. This incident demonstrates that terrorism no longer arises only from poverty or illiteracy; it is now spreading among educated sections of society as well.<sup>10</sup>
- **Feelings of Psychological or Moral Humiliation-** Many such individuals feel socially, politically, or religiously marginalized or humiliated.
- **Digital Echo Chambers-** Online groups with similar ideologies reinforce extremist beliefs and strengthen radicalization.

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<sup>10</sup> The Pulwama attack attacker came from a financially stable family but became ideologically radicalized.

- **Intellectual Arrogance-** Some educated individuals perceive violence as a form of “moral warfare.”

## **SOCIAL IMPACT AND THE INVESTIGATION OF WHITE-COLLAR CRIME**

White collar crime negatively affects the entire society. It weakens economic stability, promotes materialism, increases inequality, and damages moral values. Such crimes mislead the youth and encourage unethical practices reduce public confidence in institutions so there is *erosion of Professional Trust*. The involvement of doctors, engineers, and other professionals raises questions about the credibility and social trust associated with these professions because are the well educated elite class. Their technical expertise makes bomb-making, cyber activities, and online propaganda more sophisticated and dangerous because involves *International Networking*. Educated terrorists often misuse financial and technological networks at the global level. While ordinary crimes are often associated with poverty and lack of resources, white collar crimes are usually committed by wealthy and influential individuals motivated by greed and excessive desire for material gain. Such individuals appear as ordinary citizens because reside in society; gather at every social functions, making detection extremely difficult. So there is *social polarization* because when educated individuals justify violence as “justice,” ideological divisions within society increase as for whom they are ideal follow their path without having destination. These crimes reduce public confidence in institutions, encourage corruption and dishonesty, cause economic loss to the nation, promote social distrust, harm ethical and moral values. etc.

- ❖ **The Investigation-** White-collar crime cases are often lengthy, complex, and may involve several countries. Suspects can be investigated by law enforcement agencies, and victims may also file civil lawsuits against them. Both situations require experienced legal professionals with expertise in this field. Individuals facing such proceedings should seek legal advice from specialist white-collar crime lawyers who have experience representing inter and intra national global companies and senior executives. To make a representation legally in such type of crime cases should be provided by professionals who understand the law thoroughly, know how investigations and legal proceedings develop, and understand the possible financial and reputational consequences. Legal advice is also important for prevention. Companies and organizations can be guided in

establishing compliance programs and preventive measures to avoid white-collar crimes and fulfill legal obligations. Such preventive steps not only control but may also minimize the likelihood of future criminal or civil proceedings.<sup>11</sup>

#### ❖ INVESTIGATION AGENCIES FOR WHITE-COLLAR CRIMES

When a white-collar crime is suspected, one or more law enforcement agencies may investigate it. For example, in the United Kingdom, agencies such as the Serious Fraud Office (SFO), Financial Conduct Authority (FCA), and HM Revenue and Customs (HMRC) conduct regulatory and criminal investigations into white-collar crimes. Financial and business crimes committed within London's financial district can be investigated by the City of London Police. In the United States, investigations may be conducted by agencies such as the FBI, the SEC (Securities and Exchange Commission), the CFTC (Commodity Futures Trading Commission), the IRS (Internal Revenue Service), the Department of Labor, and other regulatory or law enforcement bodies. Professional organizations regulating specific industries may also investigate companies or individuals suspected of misconduct.

### CONSTITUTIONAL AND LEGAL ASPECTS

Different forms of white collar crime include breach of trust, financial fraud, commercial bribery, forgery, trademark and patent violations, etc. No doubt time to time laws have been enacted to control and stop these crimes. For example *Article 19(2) of Supreme legislation i.e. the Constitution of India* also provisions reasonable restrictions in the interest of on freedom of speech and expression on national security and public order (Shreya Singhal v Union of India),<sup>12</sup> and under this the Government may prohibit extremist propaganda or hate speeches that threaten public order or national security. Further *Article 21* guarantees the right to life and personal liberty; terrorism constitutes a serious violation of this right.<sup>13</sup>

***Unlawful Activities (Prevention) Act (UAPA), 1967***-The Unlawful Activities (Prevention) Act, 1967 empowers the Central Government authorities to designate individuals or organizations as terrorists and to initiate legal action against them.<sup>14</sup>

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<sup>11</sup> Kathleen F. Brickey, *Corporate and White Collar Crime: Cases and Materials* (6th edn, Wolters Kluwer 2017).

<sup>12</sup> Constitution of India, art. 19(2), (2015) 5 SCC 1.

<sup>13</sup> Maneka Gandhi v Union of India AIR 1978 SC 597 (holding that the right to life and personal liberty under Article 21 must be interpreted broadly).

<sup>14</sup> Unlawful Activities (Prevention) Act, 1967, ss. 35 & 36.

**National Investigation Agency Act, 2008**-The NIA or (National Investigation Agency) Act, 2008 grants the National Investigation Agency special authority to investigate offences related to terrorism and national security related cases.<sup>15</sup>

**Information Technology Act, 2000**-There are also several legislations under IT Act, 2000 to address cyber terrorism, online extremism, and unlawful digital activities in India.<sup>16</sup>

## ROLE OF THE JUDICIARY

The Supreme Court of India at various times has repeatedly emphasized in its several judgments that while national security is paramount, protection of human rights during investigations is also essential. Let's take a view of these-

- In *Kartar Singh v State of Punjab* the Supreme Court laid down upheld the constitutional validity of anti-terror laws while emphasizing that enforcement agency must respect procedural safeguards and fundamental rights.<sup>17</sup>

-Further in *D K Basu v State of West Bengal* the Apex Court issued comprehensive guidelines to stop and control given in the study and protect the human rights of arrested persons during investigation and detention.<sup>18</sup>

-In one more judgment (*People's Union for Civil Liberties v Union of India*) the Supreme Court recognized that surveillance and interception powers for national security must operate within constitutional limits to protect individual privacy and civil liberties.<sup>19</sup>

These are only few examples when Court has sown its awareness to control these crimes in the national interest as a danger to the present and future of the nation

## CONCLUSION AND RECOMMENDATIONS

White collar crime is continuously increasing in different forms and no sector remains untouched by it. These crimes not only weaken public morale but also cause severe economic damage to the country. Although efforts are being made to control such offences, stricter implementation of laws and stronger administrative action are urgently needed.

On bases of above some possible remedies can be taken to control White-Collar Crimes:

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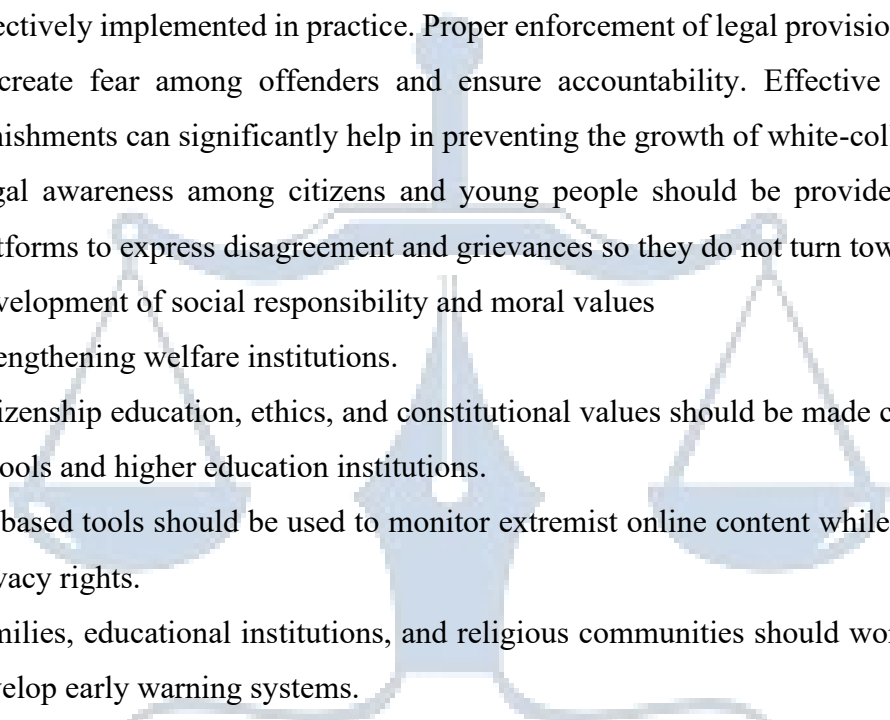
<sup>15</sup> National Investigation Agency Act, 2008, ss 6.

<sup>16</sup> Information Technology Act, 2000, ss. 66F & 69A.

<sup>17</sup> (1994) 3 SCC 569.

<sup>18</sup> AIR 1997 SC 610.

<sup>19</sup> (2004) 9 SCC 580.

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- First and foremost, strong administrative reforms are necessary because many white-collar crimes are connected with influential elite groups and powerful businesspersons. Such offenders often misuse their influence over administrative officers to commit crimes and, even after being detected, attempt to escape legal consequences. Therefore, strict transparency, accountability, and independent administrative mechanisms are essential to control such crimes effectively.
  - Public condemnation of white-collar criminals
  - Strict punishment should not remain limited only to laws on paper, but must also be effectively implemented in practice. Proper enforcement of legal provisions is essential to create fear among offenders and ensure accountability. Effective execution of punishments can significantly help in preventing the growth of white-collar crimes.
  - Legal awareness among citizens and young people should be provided democratic platforms to express disagreement and grievances so they do not turn toward violence
  - Development of social responsibility and moral values
  - Strengthening welfare institutions.
  - Citizenship education, ethics, and constitutional values should be made compulsory in schools and higher education institutions.
  - AI-based tools should be used to monitor extremist online content while safeguarding privacy rights.
  - Families, educational institutions, and religious communities should work together to develop early warning systems.
  - Psychological counseling and rehabilitation programs should be used to challenge extremist ideologies.
  - Strict enforcement of ethical codes as Professional Accountability must be considered for maintaining of conduct among doctors, engineers, and other professionals.

Hence White-Collar Crimes demonstrates that the root cause of crime is not ignorance alone, but rather “distorted belief systems.” When educated individuals transform their intellectual abilities into instruments of destruction, it creates not only a security threat but also a profound moral crisis. To address this challenge effectively, India must adopt an integrated approach that combines moral education, digital vigilance, constitutional awareness, and active civic participation.