

# Profile of a tax criminal



# Types of analysis

	Strategic analysis	Operational (tactical) analysis
Crime	Phenomenon	Case analysis
		Comparative case analysis
Offender	General profile	Group profile
		Specific profile

# What is a Profile ?

To increase energy, those who...  
 ● turn to others are an E (extroversion).  
 ● turn inward are an I (introversion).

Those who take in information in a...  
 ● creative way are an N (intuition).  
 ● pragmatic way are an S (sensing).

Those who...  
 ● seek harmony are an F (feeling).  
 ● seek objective truth are a T (thinking).

Those who prefer to...  
 ● get closure and act are a J (judging).  
 ● stay open and adapt are a P (perceiving).



**ENFJs** are goal-oriented and caring. They are highly empathetic, yet for similar reasons can be overly sensitive to criticism.  
*Martin Luther King, Jr.*



**ENFPs** are charismatic, imaginative and warm with their support. They need a lot of affirmation from others.  
*Oscar Wilde*



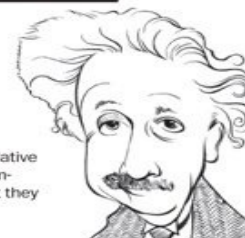
**INFPs** are idealistic, curious and loyal. They seek to understand others, yet can be less accepting of those who threaten their core values.  
*A.A. Milne*



**INFJs** are insightful and future-oriented. They are conscientious, but can be firmly decisive when it comes to their vision.  
*Mahatma Gandhi*



**INTJs** hold themselves, and others, to high standards. They are individualistic and visionary, yet have a tendency to be skeptical.  
*Ayn Rand*



**INTPs** are rational, contemplative and have a knack for problem-solving. The down side is that they can also be critical.  
*Albert Einstein*



**ENTJs** tend to assume leadership roles and solve organizational problems. They can be pushy when putting their ideas forward.  
*Napoleon Bonaparte*

**ENTPs** are clever and entrepreneurial. They dislike routine, which can make it hard for them to commit longer term to an interest.  
*Benjamin Franklin*



**ESTPs** are bold and tactical, with an energy for problem-solving. They have a harder time focusing on concepts and theories.  
*Winston Churchill*

**ESTJs** are decisive and efficient. They are systematic in their approach, but can be forceful in implementing those decisions.  
*Henry Ford*



**ESFJs** are outgoing and loyal. They are great at following through on projects, yet often seek affirmation and appreciation.  
*Andrew Carnegie*



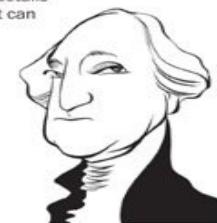
**ESFPs** enjoy working in groups, and match common sense with flexibility. They love people and life, but can likewise be materialistic.  
*Peter the Great*



**ISFPs** avoid conflict and exude a quiet friendliness. They are open-minded and sympathetic but prefer not to work with others.  
*Jacqueline Kennedy Onassis*



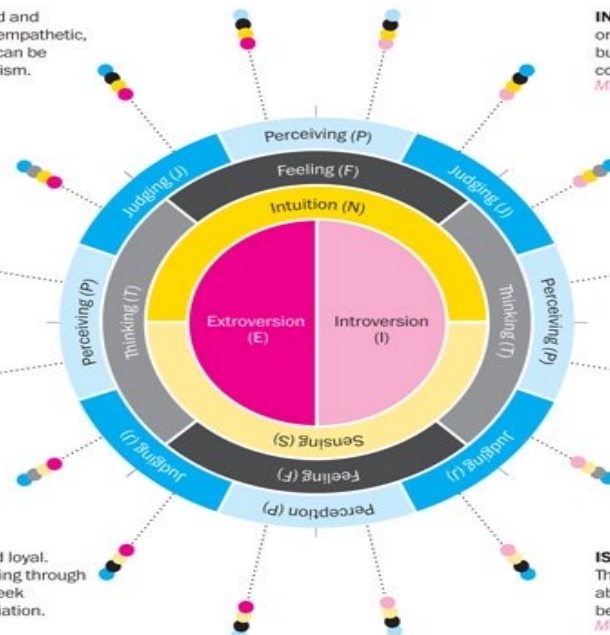
**ISFJs** are careful and considerate. They tend to remember small details about people and projects, but can be painstakingly thorough.  
*Mother Teresa*



**ISTPs** tend to be tolerant and candid. They are quick with solutions, yet spend a lot of time silently observing.  
*Frank Zappa*



**ISTJs** are steadfast, thorough workers who prize practicality. They have a stronger need than most for order and organization.  
*George Washington*



ILLUSTRATIONS  
BY CHRIS MORRIS

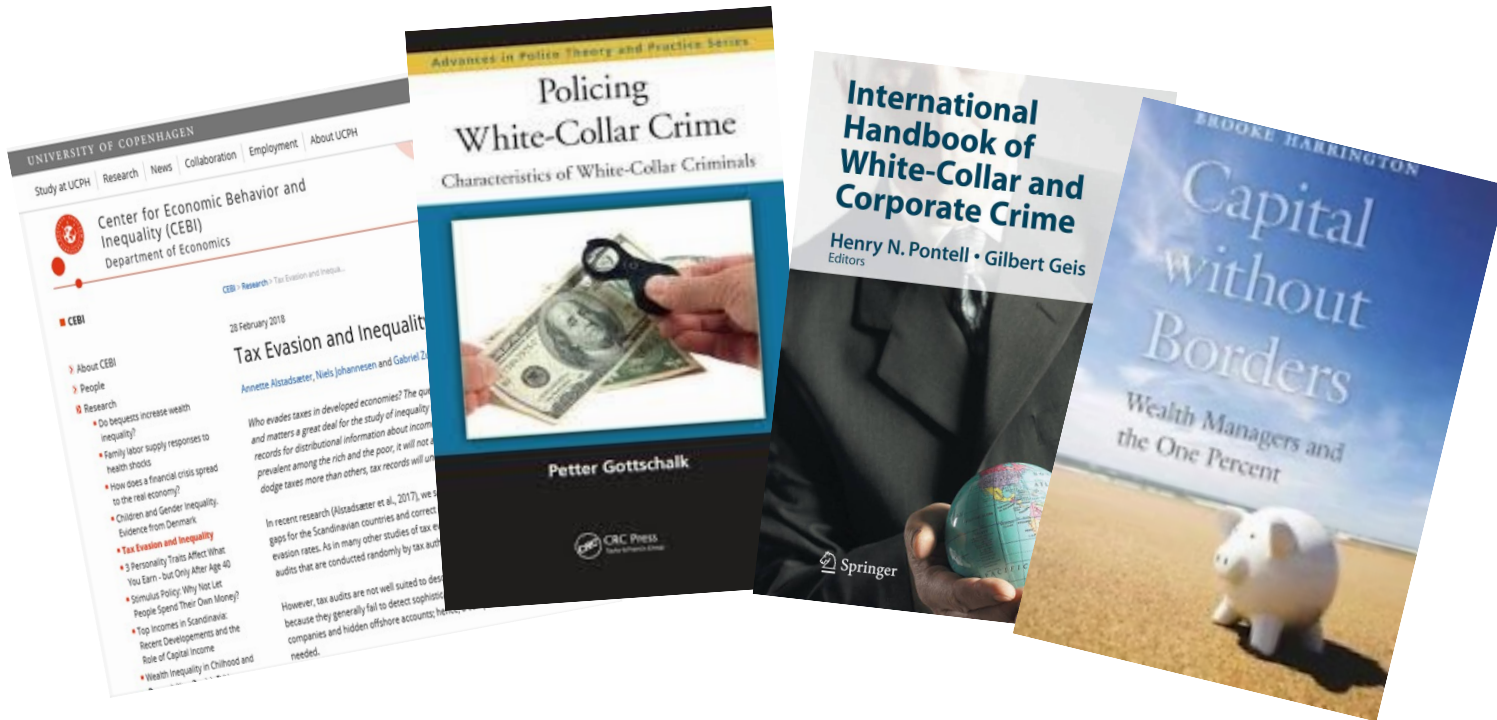
A white-collar criminal is a person of respectability and high social status who commits crime in the course of his occupation.

(Sutherland, 1949)



# OECD International Academy for Tax Crime Investigation

## *Investigative Techniques for the Cash Economy*



## Research Studies

Bucy et al. 2008:

- 8 characteristics: Intelligent, arrogant, cunning, successful, greedy, risk willing, narcissistic, decisive and charismatic

Collins et al. 1993:

- Comparison of 365 convicted WCC to 344 CEO: irresponsible and nonsocial behavior

Hansen 2009:

- definition: Wealthy, highly educated, socially connected, works typically for legitimate organisations

Gottschalk:

- 5 stepmodel: Women and white collar crime

Shover:

- Influence: competition, wealth -> arrogance and has the right

# Policing White-Collar Crime

- Norwegian 4 year study of 305 bigger cases of convicted white collar criminals
- Average age when convicted 48 years, 5 year process
- 92 % convicted were men
- Average imprisonment 2.2 years
- Average fraud amount 7 mil. Euro
- Average personal wealth 200 K Euro
- Average turnover 25 mil. Euro
- Average no. of employees 124 (only few very big companies)



# Policing White-Collar Crime

- 27 % convicted committed the crime alone (27 %)
- 30 % convicted owners, board members and CEO
- 45 % convicted lawyers, investors, consultants
- 25 % convicted middle managers, sole company owners
- 92 % convicted worked in the private sector
- 57 % convicted leaders, 43 % followers
- 14 % convicted committed crime for the organisation, 86 % for own benefit
- 29 % convicted "rotten apples", 71 % "rotten barrels"

# Policing White–Collar Crime

- Neutralization techniques:
- Denial of responsibility (others responsibility, market pressure...)
- Denial of damage (no loss, corruption / deception)
- Denial of victim (earned it, corruption improves)
- Condemnation of the condemnator (naive, does it himself)
- Appeal to higher values (jobs, survival of company)
- Entitled to (default by victim, circumstances)
- Acceptable error (has done many good things, longer leash)
- Dilemma assessment (balancing of opposite arguments)

# Discussion of a case..

### Study: Dishonesty and Selection into Public Service in Denmark

- 862 students (law, economics, pol. science) participated in a dice-game and questionnaire
- 17 % guessed 39-40/40 correct
- 66 % partly dishonest
- 17 % guessed 1/6 correct
- Most dishonest are men
- Most dishonest prefer to work in the private sector - switch at approx. +1500 euro/mth.
- Financial sector is most preferred by most dishonest:

Table 6: Top ranked job categories among less and more dishonest

Top ranked job	Est. cheat rate < median	Est. cheat rate $\geq$ median	Difference	p-value
Financial sector	8.62	18.94	10.31	0.0000
Central bank	4.66	10.16	5.50	0.003
Other private	19.11	20.79	1.67	0.60
Law firm	11.89	11.55	-0.34	0.96
Other public	3.96	3.23	-0.73	0.69
Public relations	6.76	4.16	-2.60	0.13
Lobby organization	19.11	13.86	-5.26	0.05
Public administration	25.87	17.32	-8.55	0.003

# Profile of a tax criminal

**Can we put a tax criminal in to a formula?**



- **Risk Indicators**
- **Sources of information**
- **Profiling**
- **Methods of proof**

# Modus operandi



Shell transformation

Use of assets

Sale underpriced

Parking of debt

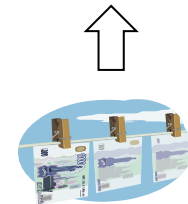
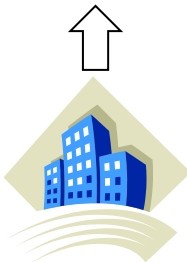
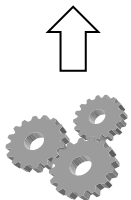
Fictitious services

Pro forma loans

Purchase overpriced

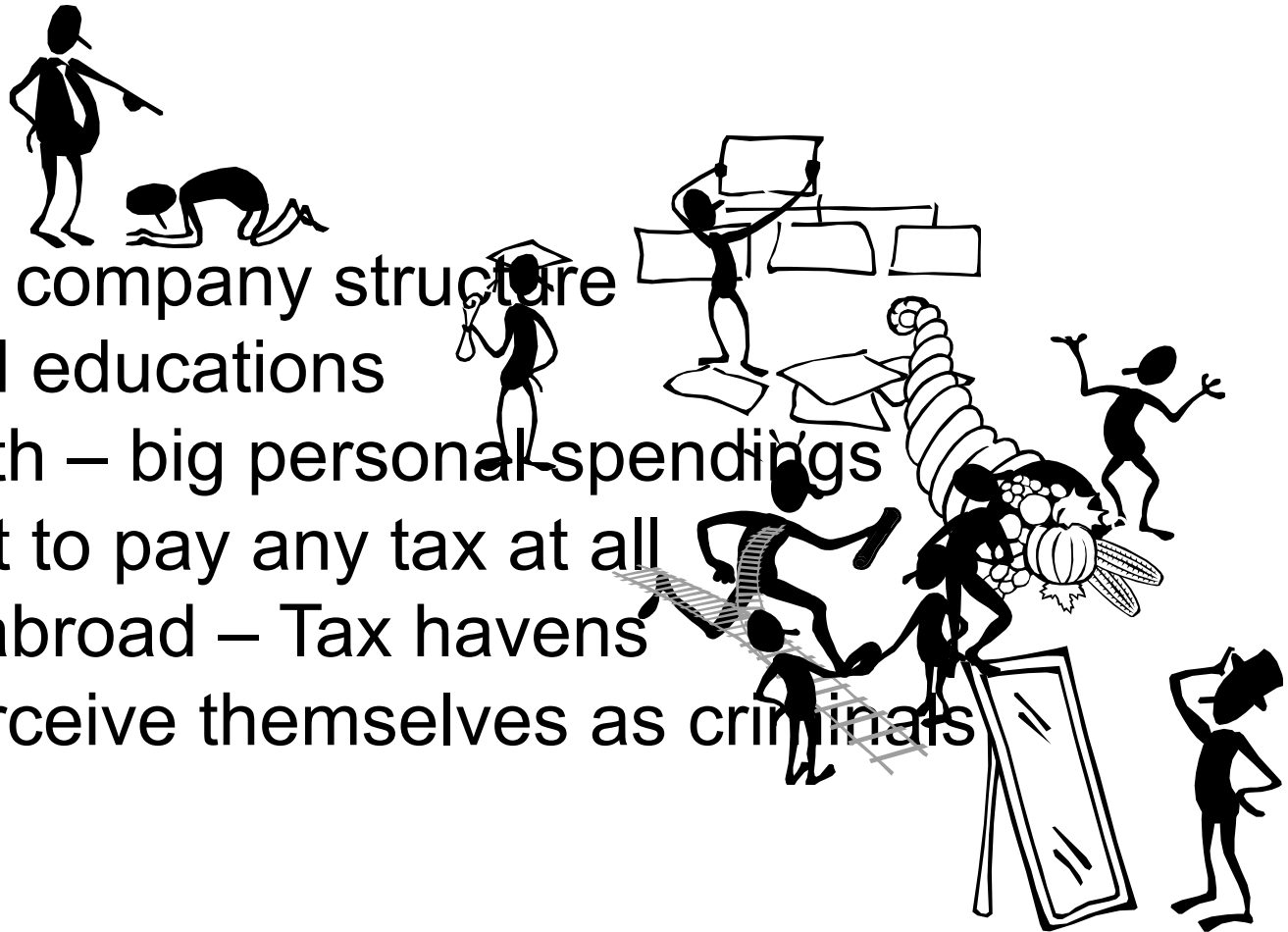
Private expenditures

Correct taxpayer



## Observations

- Dominant
- Confusing company structure
- Unfinished educations
- Fast growth – big personal spendings
- Don't want to pay any tax at all
- Activities abroad – Tax havens
- Do not perceive themselves as criminals



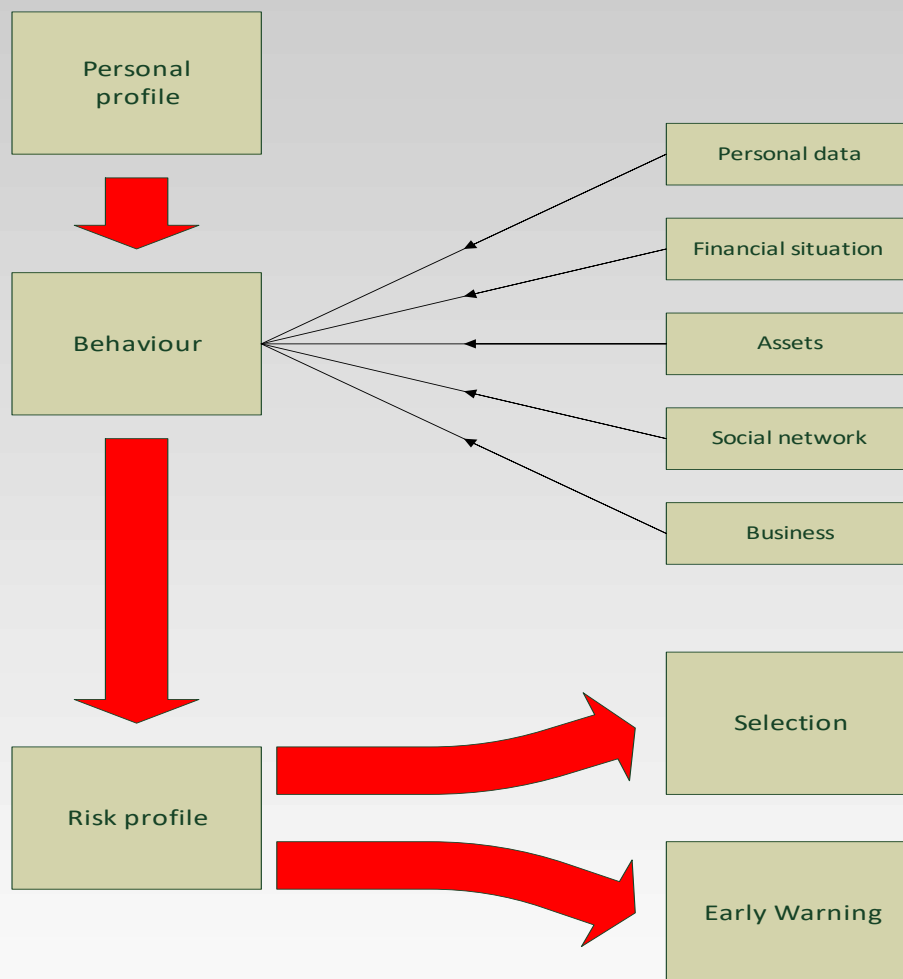


69.7
94.7
99.3
120.8
94.2
94.6
100.0
43.4
58.4
98.0
62.9

# DNA-PROFILE

Investigation

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# Challenges

- Privacy Act
- Purpose of data collection
- Only a basis for possible investigation



# Models to identify and prioritize fraud cases





- identification number
- name
- number of companies
- number of board positions
- number of executive boards
- number of business owned
- number of liquidations and bankruptcies
- zip code
- town
- income
- business deficit
- interest expenses
- salary
- paid tax
- net worth
- MT information
- number of properties
- the value of properties
- number of cars
- assets abroad



- Taxable income equal to or above DKK 10 million - and paid tax equal to or less than 1 million
- Total tax payment less than or equal to 100,000, Net Worth 16, 17 and 18 less than or equal to 100,000, MT incoming, and properties over 10 million
- Total tax payment less than or equal to 100,000, Net Worth 16, 17 and 18 less than or equal to 100,000, and properties over 100 million
- MT exceeding 1 million, Net Worth 16, 17 and 18 less than or equal to 100,000, and taxable income less than or equal to 0
- Zip code, taxable income less than 0, Net Worth 2017-2018, less than 0

### Investigative Techniques for the Cash Economy



A radar chart with four axes. The top axis is labeled 'Kompleksitet' with a scale from 0 to 10. The right axis is labeled 'Indikation af svlg'. The bottom axis is labeled 'Regelføringsniveau - stop skaden'. The left axis is labeled 'Provens (potentiale)'. A blue line connects the data points on each axis, showing a score of 4 on the left axis and 5 on the right axis. The text 'Samlet score 15' is written in red in the top right corner.

# One of our cases





An easy way to find the cases can also be ...





- Group 1:** What characteristics have you observed with tax criminals and financial criminals?
- Group 2:** What profile characteristics will you try to hide if you are a tax criminal or a financial criminal and why?
- Group 3:** Where can you maybe observe indicators of characteristics of tax criminals and financial criminals (e.g. tax, online, press, community, accounting, financial institutions etc.)?
- Group 4:** How can profile characteristics of tax criminals and financial criminals maybe help you in your investigation?