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**THE ORIGINS, PURSUITS AND CAREERS OF  
TELEMARKETING PREDATORS\***

by

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**FINAL REPORT**

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## THE ORIGINS, PURSUITS AND CAREERS OF TELEMARKETING PREDATORS

A host of changes in technology, state policies and corporate practices dramatically expanded opportunities for white-collar crime in the latter half of the 20th century (e.g., Clarke, 1990; Taylor, 1999; Grabosky, Smith and Dempsey, 2001). The emergence and growth of both telemarketing and telemarketing fraud exemplify these developments. In 2000, telemarketing sales accounted for \$611.7 billion in revenue in the United States, an increase of 167 percent over comparable sales for 1995. Total annual sales from telephone marketing are expected to reach \$939.5 billion by the year 2005 (Direct Marketing Association, 2001). It has been estimated that up to ten percent of the 140,000 telemarketing firms operating in the United States in 1996 were fraudulent (American Association of Retired Persons, 1996a).

Although there are countless variations on telemarketing fraud, typically a consumer receives a phone call from a high-pressure salesperson who solicits funds or sells products based on untrue assertions or enticing claims. Callers offer an enormous variety of products and services, and often they use names that sound similar to bona fide charities or reputable organizations (U.S. Senate, 1993). Goods or services either are not delivered at all, or they are substantially inferior to what was promised. Telemarketing fraud disproportionately victimizes the elderly, not only because they are more likely than younger citizens to have disposable income, but also because loneliness and diminished intellectual acumen may increase their vulnerability. Estimates of aggregate annual financial losses to telemarketing fraud range upwards to \$40 billion. Some victims are harmed severely by their experiences with it; it can erode both financial savings and self esteem (Shichor, Doocy and Geis, 1996). Repeat victimization is not uncommon, and elderly victims particularly may be left with seriously

depleted financial resources.

## BACKGROUND

The research presented here was undertaken to enhance understanding of both organizational aspects of telemarketing fraud and the lives, careers and perspectives of those who pursue it. It was informed by two significant developments in turn-of-the-century crime-control theory and research. The first is the ascendance of rational-choice theories of crime, a development that stimulated both investigations of street-offender decision making and situational crime prevention programs. Despite the fact that many believe white-collar criminals may be among the most rational of offenders, our understanding of their calculus and decision making lags behind what is known about the behavior of street criminals. The second development was the emergence of interest in career criminals, criminal careers and, more recently, life-course aspects of crime. As with investigations of decision making, the lion's share of research into these matters has examined street offenders. Contrary to conventional wisdom, however, past research into ordinary white-collar criminal careers and decision making, albeit limited in numbers, suggests that a significant proportion of them may have a history of previous arrests and convictions.

## METHODS

Most of the data used in this report were gathered in semi-structured personal interviews with 47 telemarketing offenders convicted of federal crimes. Since there are no lists of the names of criminal telemarketers, investigators interested in learning about them and their activities can not draw random samples for study. Improvisation is required. The investigators began by examining major metropolitan newspapers for the past five years and an assortment of

approximately 75 web sites that contain information about telemarketing fraud as well as names of convicted offenders. These search processes yielded the names of 308 persons who were convicted of telemarketing fraud in the period 1996 through 2000.

Under terms of an agreement with the Federal Bureau of Prisons, names were submitted to personnel in their Office of Research and Evaluation, who reported to the investigators the institutional locations of those currently incarcerated. The warden or the warden's designate then presented to the inmates an investigator-written description of the research and its objectives and inquired if she or he was agreeable to meeting with investigators when they visited the institution. The investigators later traveled to a number of institutions to meet with inmates who responded affirmatively, to describe and explain the research objectives and to interview those who elected to participate in the study. Twenty-five members of the sample were incarcerated when they were interviewed. As interviewing progressed the investigators also included 22 offenders under federal probation supervision in eight cities, reasoning that their involvement in telemarketing fraud probably was not as lengthy or as serious as was the case with the incarcerated subjects. The final interview sample of 47 offenders included twenty-two owners; eight managers; and seventeen sales agents.

All interviews followed an interview guide, which was revised as data collection progressed and analytic insights were developed and tested. The interviews explored a range of topics, including subjects' background and criminal history, their employment history, the history and nature of their initial participation in telemarketing fraud, and the rewards and risks of the work. Interviews were tape recorded and later transcribed for analysis using *NVivo*, a software package for text-based data (Richards, 1999). In addition to interviews with telemarketing offenders, the research team had access to presentence investigation reports for 37 of the 47 subjects. Examination of these served not only as an independent check on the validity of

information elicited during the interviews but also gave a more complete picture of the subjects' backgrounds, lives and circumstances. A detailed description of the background of the research, the research design and other aspects of the findings is available in Shover, Coffey and Hobbs (forthcoming).

### **FINDINGS**

Generally, when new employees begin telemarketing, the criminal nature of the work and the activities of employees is not apparent to them immediately. This changes with experience, and most quickly become wise to the illicit aspects and potentials of the work. Of all who begin employment in telemarketing, however, some discover it is not their cup of tea; they dislike it or they do not perform well. Others find the work attractive and rewarding but see it only as a means to other life and career goals. Most, therefore, pursue telemarketing work only temporarily. Some, however, discover they are good at telephone sales, and they are drawn to the income and the lifestyle it can provide. On average, the 47 members of the interview sample were employed in telemarketing for 8.25 years. Their ages when interviewed range from 26 to 69, with a mean of 42.4 years. Their ranks include 38 white males, three African American males, and six white females. Nearly all have been married at least once, and most have children.

#### **Organization and Routine**

Telemarketing is a type of productive enterprise that requires the coordinated efforts of two or more individuals. To work in telemarketing, therefore, is to work in an organizational setting (Francis, 1988; Schulte, 1995; Stevenson, 2000). The size of telemarketing organizations can vary substantially. Some are very small, consisting of only two or three persons and may operate

in a community for only a few days or weeks before moving on (e.g., *Atlanta Journal-Constitution*, 2000). These "rip and tear" operators count on the fact that several months time may pass before law enforcement agencies become aware of and target them. Another segment of the criminal telemarketing industry is made up of somewhat larger enterprises. "Boiler rooms," operations featuring extensive telephone banks and large numbers of sales agents, have become less common in recent years, largely because of the law-enforcement interest they attract.

Larger telemarketing operations commonly take on the characteristics and dynamics of formal organizations; they are hierarchical, with a division of labor, graduated pay and advancement opportunities. Established by individuals with previous experience in fraudulent sales, they generally employ commissioned sales agents to call potential customers, to make the initial pitch, and to weed out the cautious and the steadfastly disinterested. Experienced telemarketers generally do not call individuals randomly but work instead from "lead lists" (also known as "mooch lists"). These are purchased from any of dozens of businesses that compile and sell information on consumer behavior and expressed preferences. Individuals whose names appear on lead lists typically are distinguished by having disposable income or by past demonstrated interest in promotions of one kind or another.

When a person is contacted by telephone, the sales agent generally works from a script. Scripts are written materials that lay out both successful sales approaches and responses to whatever reception sales agents meet with from those they reach by phone. Promising contacts are turned over to a "closer," a more experienced and better paid sales agent. "Reloaders" are the most effective closers; much like account executives in legitimate businesses, they maintain contacts with individuals who previously sent money to the company (i.e., 'purchased' from it) in hopes of persuading them to send more. As one subject told us: "I had it so perfected that I

could get these customers to buy again. . . . I made sure they were happy so I could sell them again. It didn't do me -- I didn't want the one time, I didn't want the two-timer. I wanted to sell these people ten times." The organization of larger telemarketing firms and the routine employees follow when handling promising calls explains why those who 'buy' from them typically report contact with multiple 'salespersons' (American Association of Retired Persons, 1996b).

### **Backgrounds and Careers**

An enormous body of research into the lives and careers of street criminals has shown that many are products of disadvantaged and disorderly parental homes. In contrast to this, the offenders interviewed for this study overwhelmingly describe their parents as conventional and hard working and family financial circumstances as secure if not comfortable. Their parental families were traditional in nature, with the father providing the main source of income. Although the fathers' reported occupations ranged from machinist to owner of a chain of retail stores, 32 were business owners or held managerial positions. The significance of this is that a substantial proportion of our subjects were exposed to entrepreneurial perspectives and skills while young. This may explain why entrepreneurship appealed to many of the subjects: "You're always pursuing more money, most of us are. We're raised that way, we are in this country. And that's the way I was raised. But I also wanted to do my own thing. I wanted to be in business for myself, I wanted the freedom that came with that." One-half of the mothers were employed outside the home as well.

The subjects were questioned at length about their early and adolescent years, but their responses reveal little that distinguishes them from many Americans of similar age and class background. Certainly, the disadvantages and pathologies commonplace in the early lives of most street criminals are in scant evidence here, and what others have noted is no less true of these men and women: "One searches in vain for early precursors or early hints of trouble in the



life history of the typical white-collar offender. For most, . . . [t]heir crimes do not appear . . . to be deeply rooted in a troubled social background" (Benson and Kerley, 2001:133). Clearly, telemarketing criminals are not drawn from the demographic pools or locales that stock and replenish the ranks of street criminals.

But if the subjects' early years reveal few clues to their later criminality, there also are few signs that they distinguished themselves in conventional ways. Their educational careers, for example, are unremarkable; eight dropped out of high school, although most graduated. Twenty-one attended college, but on average they invested only two years in the quest for a degree. Five claimed a baccalaureate degree. When invited to reflect upon how they differ from their siblings or peers, many reported they were aware of an interest in money from an early age. One told us: "I had certain goals when I was a teenager, you know. And I had a picture of a Mercedes convertible on my bedroom mirror for years." He and others like him were aware also that there are ways of earning a good income that do not require hard work and subordination to others. Another subject said:

You know, I was, I've never been a firm believer [that] you got to work for a company for 30 years and get a retirement. Like my dad thinks. I'm all about going out [and] making that million and doing it, doing it very easily. And there's a lot of ways to do it.

None of the subjects said that as children or adolescents they aspired to a career in telemarketing. Some had previous sales experience before beginning the work, but most did not. Their introduction to it was both fortuitous and fateful; while still in high school or, more common, while in college, they either responded to attractive ads in the newspaper or were recruited by friends or acquaintances who boasted about the amount of money they were making. For these subjects, many of whom were foundering on conventional paths, telemarketing was a godsend. In the words of one of them, it was "a salvation to me as a means of income. And being able to actually accomplish something without an education." Aware that failing parental

and self-expectations would be unacceptable, telemarketing came along at a time when they needed to show that they could make something of themselves. It was the reason some reported for dropping out of college.

New recruits generally start as sales agents, although most of the interview subjects later worked also as closers and reloaders. Employment mobility is common; individuals move from one firm to another, with some eventually taking managerial positions (Doocy et al., 2001). After gaining experience, some subjects said they were confident they knew enough about the business to strike out on their own. They did so expecting to increase their income substantially. As one put it: "[I]n my mind I believed I was smarter than the owners of these other companies that were making millions of dollars. And I just said, 'I can do this on my own.'" Typically, they lure productive personnel from their current employer with promises of more money, and on the way out they are not above plundering the business's files and lead lists: "I downloaded every lead in his file. I took it all. I opened up . . . my own office, took all those people and said 'now, watch me.'" Based in part on the widely shared assumption that the market is never saturated, defectors generally open a company based on similar products and sales approaches.

Information elicited in the interviews and a review of information contained in their presentence investigation reports shows that thirteen of the 47 subjects had previous criminal records, seven for minor offenses (e.g., petty theft and possession of marijuana) and six for felonies. Of those with felony records, three were convicted previously of telemarketing offenses. Overall, this level of prior criminality is somewhat below what is reported by other investigators of ordinary white-collar criminals (Benson and Moore, 1992; Benson and Kerley, 2001; Weisburd, Chayet and Waring, 2001; Doocy et al., 2001). Still, the data show persuasively that many of the subjects interviewed for this study appear to have recurrent trouble with the law and, like street criminals, they are persistent users of alcohol and other drugs. Typical for

white-collar offenders, their age of onset for criminal activity is noticeably higher than for street criminals.

### Attractions and Lifestyles

Overwhelmingly, the subjects said that they got into and persisted at telemarketing for "the money." How well does it pay? Only one reported earning less than \$1,000 weekly, and most said their annual earnings were in the range of \$100,000 to \$250,000. Five said that their annual earnings exceeded \$1 million. The fact that they can make money quickly and do so without incurring restrictive responsibilities adds to the attractiveness of the work. They find appealing both the flexible hours and the fact that it requires neither extensive training nor advanced education. Few employers impose rigid rules or strictures. Generally there are neither dress codes nor uniforms; the work can be done in shorts and a tee shirt (Doocy et al., 2001).

As important as the income it yields and the casual approach to employment it permits, criminal telemarketing appeals to many who persist at it for reasons of career and identity. Despite class and parental expectations, most of the subjects had not previously settled upon promising or rewarding occupations. Asked what he "liked about telemarketing," one subject's reply was typical: "Well, obviously, it was the money." Immediately, however, he added that "it gave me a career, [and] to me it was my salvation." As with him, criminal telemarketing enables some to own their own business despite their unimpressive educational background, their limited credentials and the absence of venture capital.

Characteristically, these men and women believe they are outstanding salespersons; they are supremely confident of their ability to sell over the telephone despite resistance from those they contact. Doing so successfully is a high.

[I] sold the first person I ever talked to on the phone. And it was just like that first shot of heroin, you know. I'm not a heroin addict. . . . I've only done heroin a couple of times. But it was amazing. It was like, "I can't believe I just did this!" It was incredible. It was never about the money after that. . . . Yeah, it was about

the money initially, but when I realized that I could do this everyday, it was no longer about the money. It was about the competition, you know. I wanted to be the best salesman, and I want to make the most money that day. And then it became just the sale. It wasn't the money. I didn't even add the figures in my head anymore. It was just whether or not I can turn this person around, you know, walk him down that mutual path of agreement, you know. That was exciting to me. It was power, you know; I can make people do what I wanted them to do. And they would do it.

Telemarketers generally distinguish between working hard and "working smart." When asked, therefore, how he viewed those who work hard for modest wages, one replied "I guess somebody's gotta do it." By contrast, work weeks of 20-30 hours are common for criminal telemarketers, and even for owners and managers, the need for close oversight of operations decreases substantially once things are up and running. The short work week and their ample income provides considerable latitude in the use of leisure time and in consumption patterns. The young and those who are attracted primarily to the leisure permitted by the work live life as party. The "hallmark of life as party is enjoyment of 'good times' with minimal concern for obligations and commitments external to the person's immediate social setting. Those who pursue life as party are determined to suspend concern for serious matters in favor of enjoying the moment" (Shover, 1996:93). Use of alcohol and illicit drugs is near universal among those who pursue this lifestyle, and use of cocaine is common among the segment of the telemarketing workforce that does so.

The hours were good. You'd work, sometimes, from about 9 to 2, 9 to 3, sometimes from 12 to 4. Basically, we set our own hours. It was freedom. The money was fantastic. . . . You got the best of the girls. For me, it wasn't really about the job, it was a way of life. . . . I had an alcohol problem at a young age, and to be able to support the alcohol and drug habit with the kind of money that

we were making seems to go hand in hand. And then you've got the fast lifestyle, . . . up all night, sleep all day, you know. So, everything kinda' coincided with that fast lifestyle, that addictive lifestyle.

Gambling and ostentatious living are commonplace. One subject said that they "would go out to the casinos and blow two, three, four, five thousand dollars a night. That was nothing -- to go spend five grand, you know, every weekend. And wake up broke!" What we learned about the lifestyles and spending habits of criminal telemarketers differs little from what is known about street criminals. It also confirms what is known about the relationship between easy, unearned income and profligacy: "The way money is acquired is a powerful determinant of how it is defined, husbanded, and spent" (Shover, 1996:104). Asked how he spent the money he made in telemarketing, one subject replied, "houses, girls, just going out to nightclubs, and lots of blow [cocaine] . . . Lots and lots of blow, enormous amounts."

The lifestyles of telemarketers change somewhat as they get older and take on more conventional responsibilities:

My lifestyle? Play golf, go to the lake, you know. I had a family, but . . . I was also, you know, making good money. And I wanted to party and that kind of thing. So, I did that a lot. We got together and partied a lot and went here and there and went to, you know -- nightlife -- go out to clubs occasionally. But, when you're married and have kids, it's limited. It changes. It changed a lot over those years.

For older and more experienced telemarketers, the lifestyle centers around home and family and impressing others with signs of their apparent success.

### **Denial of Crime**

Writing nearly a century ago about the newly emerging forms of criminal opportunity, Ross (1907) coined the label "criminaloid" to refer to those who exploit them. He noted that despite their criminal conduct, these respectable offenders refused to see their acts as crime. In the

decades that followed, others reported similar findings (e.g., Benson, 1985; Sutherland, 1983; Cressey, 1953; Geis, 1967; Jesilow, Pontell and Geis, 1993).

The subjects of this study were no different. Notwithstanding the fact that all were convicted felons, most reject the labels *criminal* and *crime* as fitting descriptions of them and their activities. They acknowledge culpability grudgingly; only five admitted candidly that they were aware from the outset of the criminal nature of their activities. Reflecting on his peers, one of them remarked:

I had no respect for . . . companies that would come in and try to act like this is real cool, "we're gonna get away with it." Because "we have an attorney here," or "we paid this bond," or whatever. After a few years it was like, . . . "I know what we're doing, we're taking as much money as we possibly can. That's what we're doing." . . . And as much as a lot of people in our industry try to legitimize it and had all these excuses and stuff, I was always the one that sat back and said, "No, let's go stealing, you know. Let's make some money."

Criminal telemarketers employ a range of mitigating explanations and excuses for their offenses (Sykes and Matza, 1957; Scott and Lyman, 1968). Claims of ignorance figure in a high proportion of them (Katz, 1980). Some former business owners told us, for example, that they set out to maintain a legitimate operation, emulated the operations of their previous employers and assumed, therefore, that their activities violated no laws. Several said they relied on the advice of attorneys. Other subjects said they were guilty only of expanding their business so rapidly that they could not oversee day-to-day operations adequately. Some said that indulgence in alcohol and illicit drugs caused them to become neglectful of or indifferent toward their businesses. Most claimed that the allure of money caused them to "look the other way."

Both the hierarchy of authority and the division of labor in telemarketing organizations facilitate denial of crime. Sales agents claimed their owners and managers kept them in the dark about the business and its criminal nature. At the same time, as another said, he felt insulated

from responsibility as long as he wasn't an owner:

You're just a worker, man. You're getting paid well, but you're just a worker. If anything happens, you got to plead ignorance -- the worst case scenario. But once you start running the whole show, now goes the shit. 'Cause you collected the money, 'cause you're writing the checks.

For their part, owners and managers are prone to blame rogue sales agents for any fraudulent or deceptive activities. As one put it: "The owners are trying to do the right thing. They're just attracting the wrong people. It's the salesmen." Another likewise suggested: "I guess I let the business get too big and couldn't watch over all of the agents to prevent what they were doing."

Fraud offenders typically derive moral justification for their activities from the fact that their crimes can not succeed without acquiescence or cooperation from their victims; unlike those victimized by burglary and robbery, for example, victims of fraud frequently are willing, if halting or confused, participants in their own victimization. Chief among the legitimating and defensive tenets of telemarketing criminals is belief that "the mooch is going to send his money to someone, so it might as well be me" (Sanger, 1999:9). In other words, 'customers' are thought to be so greedy, ignorant, or incapable that it is only a matter of time before they throw away their money on something impossible. In one subject's account, "They know what they're doing. They're bargaining for something, and when they lose, they realize that they were at fault."

There is neither concern nor sympathy for them. Another subject said:

If these people can't read, so be it. Screw them, you know. It [doesn't say] *everybody's* gonna get the diamond and sapphire tennis bracelet. They're dumb enough not to read, dumb enough to send me the money, I really don't care, you know. I'm doing what I have to do to stay out of jail. They're doing what they have to do to fix their fix. They're promo junkies, and we're gonna find them and get them, and we're gonna keep getting them. And they're gonna keep buying. And, you know what I used to say, "they're gonna blow their money in Vegas,

they're gonna spend it *somewhere*. I want to be the one to get it."

As with convicted rapists (e.g., Scully and Marolla, 1984), telemarketing criminals selectively seize upon aspects of their victims' behavior and point to these as justification or excuse for their crimes. A recurrent theme in their responses is the claim that they were not victimizing their customers but engaging in a routine sales transaction, no different than a retail establishment selling a shirt that is marked up 1,000 percent. Even those who admit their criminal wrongdoing held to this notion. One said that "in society it seems like implying, insinuating and lying is just the way things are."

### **Risks and Decision Making**

Their disinclination to see telemarketing fraud as crime means that the men and women interviewed for this study found it difficult to respond to questions about their awareness and calculation of possible criminal penalties. Since they do not commit crime, most deny engaging in *criminal* decision making. They are sustained in this moral stance by blaming their victims and also by the way their work is structured and carried out. They believe that they need do nothing more than comply with business regulations in the state where the operation is set up. Most believe, moreover, that they are not at risk from the law as long as they maintain financial resources sufficient to cover their obligations: "I thought, you know -- and that's the reason I'm here -- I thought I was in the right. I thought I could beat the government, and I thought there was a legal way of doing this, and that I was intelligent enough to find that legal way." They distinguish their offenses from "common" street crimes:

[Y]ou don't actually think of it as a crime while you're doing it, because it just happens so easily. It's not like you're putting a gun to somebody, it's not like you're robbing poor people. I mean, it's not even -- all you do a lot of times is just making up, telling stories. And then it graduates. Because at first you're not



selling stories, you're selling something real. But it's devalued already. And I mean they ["customers"] don't know that. You know that, [but] there's no way they can tell that. . . . And then it gradually goes on to 100 percent. But, you know, that's down the road.

Retrospectively, he and other subjects perceived a gradual crossing of the line from legitimacy to illegitimacy. Having crossed it, few retreated.

The allure of fast money distorted and gave a distinctive cast to risk decision-making by many of the subjects:

[I did] order verification . . . , I guess, about a year. And I kept asking for raises and the owner, he goes, "If you want a raise, become a salesman." He looked at me, he said, "you could make 3 to \$5,000 a week." I thought, no, I can't do that. I hated sales, I was an order verifier. I knew they were lying to these people, you know, and I just, and I was like the policeman of the company. . . . But it was amazing, it was like, I can't believe I just did this. I just made \$250 and it took me, what, 8 ½ minutes? That was it. It went off like a rocket.

The same subject later said:

I had to go from how I was raised, from my parents work ethic, to a different type of person. And I remember thinking that . . . my head was just separating, and I slowly but surely went off into the realm of the salesman, you know. . . . I really didn't understand why my father worked his ass off all of his life. It made no sense to me. At this point, I'm thinking, "my God," you know, "he's just not a very bright individual. He's just worked himself into a grave for me, not making any money." I mean. . . . my father worked out of love, you know, and honor. I worked out of greed and self-enhancement.

### **The Criminal Process**

Ensclosed in their materially comfortable and self-indulgent lifestyles, it is both easy and typical of criminal telemarketers to imagine they can continue their activities indefinitely. When asked what he thought was the worst that would happen if he lied in his sales pitch, one subject echoed others' responses. "Somebody's gonna complain on me. That was the worst case. I'd have to send back a check. . . . Maybe I'd go to prison for a year, six months, something like that." When criminal telemarketers do come under scrutiny from law enforcement, the initiative usually is taken by federal-level officials. Most of the men and women interviewed for this study said that police attention came as a complete surprise. Nevertheless, several said that when they became aware that their activities were under investigation they were unable or unwilling to terminate them. One likened it to the behavior of drug addicts:

I knew, you know, that there's probably a problem out here somewhere, but not a big enough problem to stop making the money we were making. So, yeah, one time the local police came and raided us. They had a complaint and they came and they took all of our stuff and everything. And . . . left our database, our leads . . . [I]t was the equivalent of leaving a pile of drugs in the corner for a drug addict, you know. Sure, we're gonna take it, you know. You know we're gonna take it.

Few subjects were prepared for the criminal process. Their arrest and prosecution most attribute to out-of-control or politically ambitious prosecutors, and they generally believe the punishment they received was both unwarranted and excessive. They claim the entire problem more appropriately was a "civil matter" and "should not be in criminal court." Despite the money they made as telemarketers, when arrested few of them had significant fiscal resources.

### **INTERPRETATION**

The picture of fraudulent telemarketers that emerges from the data collected for this study is of

persons whose backgrounds provided them with the expectation that they would be successful *somehow*. Pathways to success are not identified easily or confidently by the young, however, and our subjects dawdled or became distracted on what many would see as the road to marketable skills and credentials. Lackluster preparation for conventional occupational pursuits did little to dampen either their pursuit of the good life or their pragmatic approach to the process. It did, however, heighten the felt need to identify and settle upon a means of livelihood that would "pay off" for them. Chance brought them in contact with criminal telemarketing, a way of earning money for which they discovered they have talent. Criminal telemarketing provides them with a high income, life as party, and outward signs of success despite their shortcomings of preparation and legitimate resources.

What seems apparent from this description of telemarketing fraud is that the knowledge and skills needed to exploit criminal opportunities vocationally and successfully seemingly do not differ greatly from those required for success in the legitimate world. The blue-collar skills of an industrial society are not equal to the challenge of exploiting contemporary, increasingly white-collar, criminal opportunities. The technology-based and service-oriented economy instead places a premium on interpersonal and communicative skills, and it is the children of the middle-class who are most likely to acquire these skills. Exposure to entrepreneurial skills and perspectives may be important as well.

Like the professional thief of earlier times, criminal telemarketers take on and publicly espouse a belief system that defends against moral condemnation from outsiders. Likewise, they are dismissive of the world of hourly employment and the lives of those who pursue it. But while professional thieves publicly endorsed and were expected to adhere to norms of loyalty and integrity in dealings with one another, telemarketers by contrast are extremely individualistic and self-centered in their dealings with criminal justice officials and agencies. Nor do they gravitate to a criminal netherworld or confine their leisure pursuits to others of similar work.

The class origins of contemporary garden-variety white-collar criminals are more

advantaged than the professional thieves of yesterday, but to a great extent they live their lives in similar fashion. They blow their earnings on drugs, gambling, fast living and conspicuous consumption. Nevertheless, wielding class-based presumptions and notions of respectability, they also spend their weekends on the lake, play golf, and have friends over for barbeque. Despite their apparent embrace of some of the trappings of conventionality, however, they remain "marginalized middle-class persons" (Doocy et al., 2001).

### **REDUCING THE TOLL OF TELEMARKETING FRAUD?**

The rapid growth of telemarketing fraud in recent years did not go unnoticed by state officials and law enforcement. In 1994, the U.S. Congress amended the criminal code by increasing the penalties for telemarketing offenses (18.U.S.C section 2326). The amended statute is aimed specifically at protecting elderly citizens by providing sentencing enhancements for offenders who victimize vulnerable citizens. The complexity of telemarketing fraud and the fact that victims usually are located in multiple jurisdictions means that investigation and prosecution of these schemes can be an expensive and time-consuming undertaking. Both cooperative effort by state and federal law enforcement and proactive enforcement strategies are required. "Operation Senior Sentinel," for example, was initiated and co-ordinated by the Federal Bureau of Investigation with the cooperation of state authorities and the American Association of Retired Persons. Volunteer retired persons secretly recorded calls from fraudulent telemarketers and forwarded them to an operations center for analysis and investigation. The operation resulted in over 400 arrests in more than 12 states (Federal Bureau of Investigation, 1997). The sentences imposed on telemarketing fraudsters have been substantial, but the deterrent effect of this remains unclear since those engaged in criminal telemarketing apparently do not see as credible the threat of severe criminal penalties.

The modus operandi of telephonic predators adapts to changing circumstances and challenges; on the domestic front, larger criminal telemarketing organizations are giving way to

smaller and less permanent operations, and boiler rooms increasingly are operated from off-shore and cross-border locations (Australian Broadcasting Corporation, 2001). This requires cooperation across national borders. The Royal Canadian Mounted Police and U.S. law enforcement agencies, for example, are working together to identify, apprehend and prosecute criminal telemarketers. Joint efforts and task forces have operated in several U.S. cities also as offenders have moved their bases of operation to stay ahead of police and prosecutors.

In addition to better coordinated and tougher criminal justice responses, proposals for reducing the financial and psychological toll exacted by telemarketing fraud typically feature educational campaigns, calls for increased vigilance by potential victims, and efforts to make it more difficult for offenders to make telephone contact with potential victims (Office for Victims of Crime, 1998). As this is written, for example, congressional action is expected soon on a proposal for a national "Do Not Call" list. The fact that elderly citizens are among the most prominently displayed victims of telemarketers has shaped many of these policy suggestions and responses

### **Policy Implications**

Data on the efficiency and effectiveness of initiatives taken thus far against telemarketing fraud are not available. Neither systematically collected data nor research can inform us. Nevertheless, a variety of reforms have been suggested or seem on the basis of this research to hold some promise for controlling criminal telemarketing more effectively. One proposal calls for the state to develop clearer and more comprehensive regulations about sales transactions. The statutory language of regulations pertaining to sales transactions is ambiguous and subject to interpretation. Interviews with subjects revealed that they believe they were not conducting anything different from ordinary business.

The fact that many subjects acknowledge the immorality of their conduct perhaps

provides an opening for another policy response to telemarketing fraud: reintegrative shaming.

Doocy et al. (2001:22) suggest that

[p]erhaps the most promising tactic might be to mount the kind of campaigns of reintegrative shaming that some jurisdictions, particularly in New Zealand and Australia, have used to bring offenders into conformity, to try to impress on them the harm they have done to the persons they have victimized, and yet to treat them so that they do not find themselves isolated from the support that might set them on another and law-abiding vocational path.

Another proposal calls for states to tighten their business license requirements as a way of driving out of telemarketing its criminal element (Doocy et al., 2001). This may prove difficult to do, however, since inevitably it will be argued that the measures are too costly and harm legitimate businesses. The profits from telemarketing fraud probably exceed the costs of new restrictions, and the fraudsters might forego the regulatory process altogether. A more appropriate measure might be to pass on to the telemarketing industry some of the responsibility and costs for oversight. Proposals to do so might provide the impetus to move the industry and its trade associations to a more pro-active stance on controlling fraudulent telemarketing.

Many proposals for enhanced oversight of telemarketing at bottom amount to an admonition to potential victims to "just say no." Advice of this sort ignores the reasons why victims become ensnared in these transactions. A majority do so because of social psychological stratagems employed by sales agents to overcome their resistance and induce them to make 'purchases' (Coffey and Huss, 2002). If members of targeted audiences were made aware of these ploys, perhaps it would improve their ability to distinguish between legitimate and criminal pitches.

In the meantime, more effective prosecution of telemarketing fraud is needed to forestall further harm to victims. The present method of enforcement requires long periods of surveillance followed by an even longer period of review before taking legal action. Although

significant prison time has been meted out to offenders, victims of telemarketing fraud have been depleted of life-savings which will never be recovered. Safeguards are needed to seize the assets of fraudulent operations quickly and efficiently. The state should consider appointing a *receivership* to monitor an operation's financial activities during the on-going investigative process. This practice might mitigate the damages of telemarketing fraud while additional policy measures are explored.

In the final analysis, the extent to which telemarketing crime can be reduced by crime-control programs may be limited. Unlike most victims of street crime, affirmative action by victims of criminal telemarketers contributes to the successful completion of the acts that victimize them. A culture that elevates both economic success and "sharpness" inevitably produces both excess and suitable targets for victimization. One consequence of individualistic, market societies may be that the rate of telemarketing fraud, as opposed to the activities of individual offenders, may be only marginally responsive to control efforts.

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