



Reducing the phenomenon of white-collar criminality in moldova and Israel

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Abstract

Organizations must apply different methods of recruitment for a necessary number of candidates, and, secondly, the employer must elaborate special methods of detecting competent persons and criteria of their pre-employment testing. Such pre-employment testing includes two parts: verifying professional competences for which the person is employed with the exposing of comprehensible criteria and certainly determined requirements for successful employment; verifying the score moral integrity, when the selected job demands a certain level of trust, honesty and mental sanity.

Keywords: white-collar criminality; tender; control tenders; reducing the phenomenon; pentagram model; penal politics; prevention of criminality; bill for ethics; whistle blower; employment testing.

Introduction

In the limits of our research we have to deal with reducing white-collar criminality phenomenon. But it is not so simple as it can be seemed at the first sight. In order to make easier the comprehension of this problem we have clarify the following criminological categories: criminality; Penal Politics; Criminological Politics.

Criminology has a general scope such as *establishment* of an efficient penal politics for the purpose of a successful struggle against criminality, *protection* of fundamental human values, *prevention* of criminality, and when a person has perpetrated a crime to ensure his criminal prosecution^[1, 18].

Prevention of criminality constitutes an integral part of the *Penal politics* of the state. The penal politics can be regarded from three standpoints: 1) the State's politics as a basic doctrine of struggle against criminality which is expressed in the special normative acts (laws, regulations, ordinances etc.); 2) a scientific concept as a synthesis of particular political, sociological and legal knowledge; 3) A special form of law enforcement activity which is expressed in the active and severe counteracting to criminality and other infringes of law [2, p. 264]. We will bring to our minds that *criminality constitutes the object of penal politics*. Talking about the penal politics we must pay attention also to another concept such as the criminological politics. They are the similar but not the same. Of course they are intersected but each of them has its own peculiarities. Especially, the Criminological politics includes a domain of social politics which possess the evident anti-criminogenic character (for example, anti-alcohol politics) and that's why is larger in its concept than the penal politics. Furthermore, the penal politics always is oriented to prevention of crimes and that's why possesses an evident criminological content.

The differences between *the Criminological politics* and *the Penal politics* must be executed in function of criterion of legal regulation and State's compulsion. The criminological politics can be situated outside the legal regulation, especially when this

politics is addressed to the moral grounds of the human behavior. But, the Penal politics must have a legal character and its spreading outside the legal regulation, even partially, can induce to severe criminogenic phenomena. While the Criminological politics works by means of moral convictions and ethical influence. Oppositely, the Penal politics contains the compulsory power of the State as a constructive element, that's why in its every part (criminal, intelligence service, criminal proceeding, penitentiary, administrative politics) this compulsion can be found. The Criminological politics is included inside the penal politics only in the part when the crime prevention is directly linked to the compulsion ensured by the State. At the same time, we have to mention that the penal politics is based on a legislative block and on a practice of implementation of laws and other regulations [3, p. 269].

The Penal politics in the sphere of economics as an independent branch of the national penal politics is considered to be a scientifically argued and directed for insurance of financial safety system of principles, political and legal prescriptions, which are realized in the realm of activity of law enforcement authorities together with society counteracting against criminality as well as for minimization and compensation of inflicted harm [4, p. 10-11]. *The Penal politics* in economic sphere is determined by national and international standards of struggle against crimes in economic and financial sphere and is expressed in creation of the certain regulations and legal norms of financial and criminal matter.

From a theoretical perspective, *mechanism of white-collar crimes prevention*, especially of corruption, can be divided into two groups: mechanisms of corruption prevention in the public sector which are characteristic to all the institutions and state authorities, and mechanisms of corruption prevention applied by institutions and special authorities which are designed for prevention and struggle with corruption [5, p. 11-13]. Other contemporary authors also plead for evaluation of occupational

economical deviance potential of each employee [6, p. 8].

Results of control performed in the Republic of Moldova during the years 2000-2008 concerning the using of public financial resources confirm that central and local public authorities, as well as budget institutions neglect the mode of utilizing of public finances, do not respect limits of expenses designed for maintenance and financing of state programs, there are admitted cases when the public finances are used inefficiently and against their destination or there are committee other actions which violate the legislation in force. It becomes clear that the majority of violations are base on the actions of corruptions in the realm of public acquisitions which primary scope is to obtain public money [7, p. 23-37]. As a consequence, our scientific contribution to the reducing of white-collar criminality can be expressed in the Pentagonam Model (C.R.I.M.E.). It can be recognized as the most comprehensive and wide-ranging representation of the relevant methods of white-collar criminality reducing.

The Pentagonam Model (C.R.I.M.E.) is an integrative model to for a decrease and/or prevention of white-collar crimes originated in position holders within the organizations. The model enables to reduce crime damages prior to their creation and during their creation, in order to prevent devastating results to economy and society. The choice in the pentagram as a figure was not incidental:

- *First*, it is a relatively complex model – containing big amount of details, nonetheless, the pentagram figure creates visual simplicity. The ability to represent in a simple manner a complex system is one of the challenges of reality.
- *Second*, the model is built as a net and its lines connect the various components with each other just like human nets and ties in organizations.

The model was built out of observation over a period of many years, by the researcher of process that has taken place in Israeli organizations, as part of his senior positions. We chose to describe the model with our conversion and conceptual integration with parts of perception of those researchers. The model requires trust, courage, sense of value and responsibility of trust in the process itself and trust amongst senior position holders in an organization. *Trust the process* means trust in the reorganization of things. The model innovates, as it can create a clear and simple picture of perception and practice of a potential white-collar offender, and of the reaction of a public or private organization to the chaotic, irrational reality of white-collar criminality that comes into life. The model constitutes a basis and inspiration to processes of organizational development, executive development, sorting and evaluation.

This bi-directional doctrine captures reality of the complexity of coping with white-collar criminality in a concept of both, and relates to two layers of the model that constitute the organizational eco-system:

- *Macro-level component* – coping with white-collar criminality includes an innovative combination of the dependent variable – examination of the way a potential white-collar offender makes intuitive decision to commit a crime under risk and uncertainty conditions. This is a stage of prior to accepting the function to work and obligates to locate the potential of a criminal type. Making a decision

which is the dependent variable, is the outcome of the independent variable which is the following personality characteristics of a potential white-collar offender: *Conscientiousness, Agreeableness, Neuroticism, Extroversion and Openness*.

- *Micro-level component* – coping with white-collar criminality includes complementary actions of the organization originated in the position holders themselves in order to reduce or prevent impulses and lack of control to commit a crime such as: changing rules of conducting tenders which are combined with a possibility for money laundering; creating new ethics rules while protecting whistleblowers in an organization; and also consigning a senior function accepted to work on an obligating document of future conduct and carrying the responsibility [8, p. 429-430]. All those will be subordinated to a system of internal review in an organization, which method of decision-making and their personality characteristics are what is important, so that we understand that the system for reduction and prevention of white-collar criminality in organizations is circular, and in any case mainly depends upon senior position holders.
- We have decided to elaborate several directions of White-collar criminality reduction, such as the following: 1) reduction of White-collar criminality by means of new concept of tender organizing and management; 2) reduction of White-collar criminality by means of a New Bill for Ethics; 3) reduction of White-collar criminality by means of a Comprehensive Whistleblower protection policy; 4) reduction of White-collar criminality by means of pre-employment tests of the potential candidates on positions of trust. We will demonstrate the validity of our suggestions consequently.

1. Reduction of White-collar criminality by means of new concept of tender organizing and management.

In order to understand the specific features of white-collar criminality in public and in private sector of economics we decided to survey ethics tenders in Israel. By means of our criminological interview, we have identified two main focuses of corruption in Israel: local authorities; the matter of tenders. In local authorities there is an infiltration of criminals which is indicated in awarding of benefits, promises of positions, promotion of interests and similar acts. We have demonstrated that tender coordination is considered to be the most favorable ground for white-collar criminality in Israel. There are represented the results of our original questionnaire concerning the transparency process of tender's organizing and management in the public sector. In general, by means of our research 25 public organizations have been inspected, such as: hospitals, defense industry (6,000 employees), banks, marketing companies, municipality, industrial factories, Israeli Broadcasting Authority and more. At the same time, 4 organizations refused to complete the questionnaire. We appreciate this circumstance as exceptionally relevant for our research. More than it, in the private sector, 4 organizations completed the questionnaire as a pilot study. Their findings are considered to be of the tremendous significance. Our findings are self-evident for tender organizers in a public organization; there have been found that a diminished importance is allocated by the organization to the following parameters: 1)

supervision and monitoring, as well as of direction and guidance; 2) insurance of the property control and of the risk management in the process of tender organization.

More than it, we have detected that the majority of organizations in public and private sector suffer of the same problems, such as: non-identification and not hedging risks that characterize the operation of the company; lack of ability of management to identify the development of new risks; lack of discussions of risks; lack of quality of the control; failure to check embezzlement and fraud risks in the organization. In our opinion, those are the reasons of white-collar criminality perpetrating in the realm of organizations. We believe that in order to avoid such problems in future, organizations should develop formal Audit Policies as a way to create the conditions necessary for effective management of internal auditor. These policies should provide standard guidelines. Internal auditors, those individuals who call attention to possible wrongdoings within their organizations, are the subjects of much controversy. Internal auditor does call attention to genuine abuses of power by decision-makers in business and government. They do often suffer retaliation for their ethical resistance.

Indeed, many organizations are showing concerned to their internal auditors in order to give guidance and ad-vice at different levels of management. This is because, the internal audit plays an important role in the organizational process, and therefore it is not only required to perform ordinary assurance activities, but also to serve as a strategic partner of the organization and add value to its activities towards improving organizational processes and ensuring their effectiveness and efficiency [9, p. 340-351]. The procedure of *internal audit* is a vital procedure of the audited entity and must be performed as it is while attention and self-rigorousness, exposure without compromise and objective coping. Therefore, organizations with effective and efficient internal audit function are more than those that have not such a function to detect fraud within their organizations. The effectiveness of internal audit is very important issues especially when it comes to decision-making, for example: If management believes that internal audit functions are ineffective, then their recommendations will carry little value from the side of decision makers [9, p. 340-342].

In the process of tender managing in corporations which have been submitted to a survey, there have been found the following standpoints: *the following parameters are conducted at a level of 52-57%: internal monitoring system in an organization – 52%; formulation of values, policy and clear procedures – 55%; formulation of compliance code – 57%; the following issues are performed at a level of 37-38%: supervision and monitoring – 37%; direction and guidance – 38%. the following issues are conducted at a level of 16-27%: overall recognition of risks – 16%; propriety control – 18%; human resources – 23%; internal and external communication – 27%. As a result, we decided to perform several significant steps in the sphere of white-collar criminality reduction. In such a manner, we consider that one of the most efficient ways to reduce white-collar criminality in organizations both in public and in private sector is improvement of the modern tender obligation legislation. In our opinion, it is a leading factor in preventing and counteracting of the phenomenon of white-collar criminality in the Republic of Moldova and the State of Israel.*

We insist that the following situations must be under a special State control inside the organizations:

- **The situation when a public offer is significantly lower than the loss prices, such offer would be disqualified.** An offer that is significantly lower than the estimate and that indicates loss prices in many items can also invoke a suspicion of improper manipulation especially if alongside with those prices in other parts of the offer prices are included that are significantly higher than the estimate on other items. These deviations from the estimate can indicate an employment of a shifting tactic, the essence of which is bidding of high or low prices according to the planning of profit of a bidder and not according to the real cost of the work.
- **Manipulating prices.** For example, when a bidder demands exceptionally high prices for work that is performed in the initial stages of a contract and especially low prices for work planned for the later stages.
- **Manipulation of command a tender under a „straw name” or under a „mask”.** It means that it is performed through a fictive bidder that allows a bidder who does not qualify for the requirements of a tender to win it. This conduct is improper and should be disqualified.
- **Submitting two offers for a tender by a company or a subsidiary.** In such a case no opportunity would be extended for either to retract their bid. In accordance with the precedent law of Israel, in the basis of tender laws there is ensured the financial efficiency and the principle of equality. Submission of bids by a company and a subsidiary in a way that either of them can cancel their winning as they please, adversely affects these two principles and thus the petition should be rejected. The coordination of the companies is not denied by the petitioner and is defined as a tactical move on their part, one which according to the court caused harm to other participants of the tender who are not aware of the coordination of bids, and improves the chances of winning, and adversely affects financial efficiency as the bidder surely would retract the higher bid.
- **Coordinating tenders.** The phenomenon of coordinating tenders is a source of concern not only to the authority as the regulator but also to tender owners. The phenomenon of coordination is found in all types of tenders, open and closed and in the direct applications for submission of bids. There must be investigated a possible suspicion of coordination in their tenders. A list of intelligence information indicating a possible suspicion of coordination in tenders including: a) local authorities that report a suspicion of coordination in tenders in garbage removal; b) in the Public Works Authority there is a concern about coordination in tender of supplying of lighting poles and road covering, hospitals are exposed, according to the information, to coordination in a tender for supply of bread; b) in the Electricity Corporation for supplying of fire extinguishers, information on coordinating prices have been received; c) in the Israeli Lands Administration there is an extremely fertile ground for coordination of real-estate transactions; d) in the Ministry of Defense information has been received regarding a suspicion of coordination in tenders of supply of batteries and of browning of guns.

- **Closed tenders.** It is recommended that a closed tender is conducted, as long as it is justified and reasonable without any need to examine the possibilities to conduct a public tender as stated in the regulations. To our opinion, a regular public tender would bring about an inflation of bidders and requires an allocation of great resources entailed in an examination and approval of suppliers, time of examination of the tender, and worst of all, it would harm the results of the tender due to a lack of effective control, as out of our experience it is not likely that many suppliers would meet the prerequisites and the ability to implement the tender, and then would begin processes of manipulation that would cause a delay and future damages to the object of the tender. Most importantly, a rotation of bidders among the potential suitable suppliers which is cyclic, equalitarian and fair, should be enacted by the organization over time, and thus the level of desire to perpetrate white-collar offences would significantly decrease that would create a commitment to the organization and prevent future possible harm to the bidder [10, p. 318-321; 11, p. 136-139]. It is recommended that as part of conducting a closed tender, the tender committee is to turn to five suppliers on the list and not as determined in the regulations that if a certain list included up to 10 bidders all should be approached and if the list included more than 10 bidders, at least five should be approached.
- **Bi-essential entities.** Concerning this issue, we recommend appending to the Tender Obligation Law (Israel) which would apply to bi-essential entities, to prevent any doubts regarding its legal definition, and also to private entities, as follows. The following definition would be added to the Tender Obligation Law: Bi-essential Corporation is a corporation or a company that „two essentials, administrative and private, serve as one in it”, and that has been established following a governmental law and the character of its service is for the entirety of the public. Therefore, it is recommended to alter clause number 1 in the principles of Tender’s Regulations of 2009, as follows: “A public entity, bi-essential entity as well as private entity (as long as there is a concern of significant damage of a vital interest to the public and when the scope of possible damage, and the intensity thereof are of especially high level that justifies it) would conduct a tender or individual approach following a central tender, in an as much as possible transparent way according to circumstances, fair and equalitarian, that guarantees the majority of advantages to the public entity”. This change would allow for a „cleaner” economy and would handle those uniquely exceptional cases in which the winning of criminals in tenders should be prevented.
- **Consulting regarding the unfairness of tender results.** As a public employee is immune from damage suits it is recommended to get assistance of an external consultant, while the tender committee should clearly define the scope of authority and the areas of activity of the consultant, and that is in the tender documents or in written certification. The duty of consultants is to serve like guardians in relation to the use of office funds and regarding the supervision of the tender committee.
- **Regarding the bias of tender results:** from delivering information up to bribery there are numerous ways for bias in tender results. The way the researcher has chosen to focus on in the following lines is the cooperation between one participant of a tender and the authority representative. Such cooperation means „fixed” tenders, and is expressed amongst other things in delivering information and even bribery. How can bias of tenders be prevented or dealt with? It is suggest that one of the ways is reduction of judgment, meaning: selection of prospects according to a quality condition by determining a prerequisite or determining and retaining price as a principal criterion in any contest, so that its importance would be higher than any other criterion. However, we have to accept the term coined as “the mind equilibrium” that determines a balance between a proposed price and additional relevant standards for a decision regarding the preferred bid.

2. Reduction of White-collar criminality by means of a New Bill for Ethics.

In order to reduce a possibility of corruption in tenders there is strongly recommended the unifying of Tender Obligation Law of Israel (1992). In our opinion, there is an objective necessity in a New Bill for Ethics in public organizations’ tenders. As a major part of the organizational activity is related to tenders – materials, products, capital flow, etc., an ethics manager would be appointed to tenders which definition will be “tender ethics trustee” in every public organization, who will be subordinate to a top function from the Board of Directors. The purposes of the rules are the following: to encourage public organizations that deliver services of products; to get an ethics code into acceptance; to implement it as part of internal ethics program, effective for two years only on tender coordinators who are subordinate to them in the public sector. After this time period the results of the process and performance in practice would be examined. The specific contents of the ethics code would be determined by the organizations, while applying the basic fundamental principles in the field of ethics, according to the character of the organization and the matters it is involved in. The assumption is that the adoption of a Code of ethics with a legal meaning and its implementation can encourage ethical behavior in organizations. The matter of ethics would be an integral part of the responsibility of the tender coordinator in a public organization and a top manager in an organization in general, and is not a prerogative of the organizations whereas of the legislator in relation to the Tender Obligation Law (1992) in Israel and also would be added to the Criminal Code of the Republic of Moldova as an independent legal norm which is sanctioning the violation of tender’s ethics.

This bill wishes to cast meaning into the unclear and uncertain term of “*good faith conduct*”. We propose that the accused or prosecuted person can be dismissed from the responsibility if he did all that is in his power in order to prevent the offence or the grievance or if he has taken reasonable measures in order to prevent a breach of the law. This bill has been submitted to the chairman of the Israeli Parliament (the Knesset) on April 1, 2009, in light of the changes in American Law in November 2004, updated by Asa Kasher and Ali Bukshfan, in a new and expanded edition. Bills similar in essence have been submitted to the Parliament of Israel (Knesset).

3. Reduction of White-collar criminality by means of a Comprehensive Whistle-blower protection policy.

We believe that a whistleblower protection must be a governmental and organizational policy in Israel and Moldova. Whistleblowers are those individuals who call attention to possible wrongdoing within their organizations, are the subjects of much controversy [204, p. 766]. We have to remember, that the concept 'whistleblower' or 'whistleblowing' is not a legal term and it does not have a common formal definition. But a whistleblower is described as an 'internal witness', or as a person making 'public interest disclosure', or 'protected disclosure' or giving 'public interest information'. Whistleblowing raises the tension between the whistleblower as a hero, from one side, and misadministration, or other form of workplace misconduct or deviance, from another side. Some say that whistleblowers are noble characters, willing to sacrifice personally and professionally to expose organizational practices that are wasteful, fraudulent, or harmful to the public safety. Others suggest that whistleblowers are, by and large, disgruntled employees who maliciously and recklessly accuse individuals they feel have wronged them in order to attain their own selfish goals [67, p. 37-42]. The truth, as is often the case, probably lies somewhere between these two extremes. Whistleblowers do call attention to genuine abuses of power by decision-makers in business and government. They do often suffer retaliation for their ethical resistance. However, whistleblowers may often be wrong in their accusations and their motives are not always pure. Their actions can disrupt a workplace, and may cause serious harm to individuals wrongly accused.

The whistleblowers' problem is considered to be a central in fighting white-collar criminality. Perhaps, we have to talk about the heroism of the whistleblowers who guide us into the netherworld of corruption, incompetence, cover-ups and organizational vendettas. Whistleblowers are commonly seen as selfless sacrificial victims for public interest and organizational accountability; others view them as "tattle tales" or "snitches", solely pursuing personal glory and fame. Many whistleblowers report that there exists a widespread "shoot the messenger" mentality by corporations or government agencies accused of misconduct and in some cases whistleblowers have been subjected to criminal prosecution in reprisal for reporting wrongdoing. Especially, disclosure of information concerning the danger to public health, safety and the environment is an important public role of the whistleblower. Many jurisdictions have passed legislation to protect public sector and sometime private sector employees who make public interest disclosures. These include Australia, Canada, France, India, Japan, New Zealand, South Africa, the United Kingdom, and the United States. However, despite the series of laws, it seems that the problems in protection of whistleblowers still remain. Therefore, due to the inability of organizations at least in Israel, to provide significantly protection to whistleblowers, we recommend anonymous attitude to the corruption exposure by potting his corruption information into special box. According to this information, the organization management through internal auditing, will investigate and will discover the crime. In current study, we believe that organizations should develop formal whistleblowing policies as a way to create the conditions necessary for effective management of whistleblowing. Effective whistleblowing policies may improve ethical climate by

increasing employees' confidence that their ethical concerns would be regarded seriously and that they would not be punished for good-faith attempts to report perceived violations of the Ethics code.

4. Reduction of white-collar criminality by means of pre-employment tests of the potential candidates on positions of trust.

The most efficient way of avoiding white-collar crimes in a company is to not have any white-collar offenders in the organization. Of course, this is a very difficult task to accomplish. Pre-employment tests are designed to pre-screen candidates for hire for things such as personality and deviant behavior. Pre-employment tests are used to limit risk of potential fraudulent behavior of the future employees. The hiring process should look at how people react when exposed to change and instability, in addition to considering background and technical skills. In our opinion, a great attention must be paid to the pre-employment process for hiring public officers on positions of trust in the realm of state authorities (institutions and organizations) and state corporations. Indeed, such persons must be characterized by a high level of social morality and high score of trusty behavior. Nowadays, in order to limit sources of financial loss, most companies use a combination of four general prevention methods including: 1) pre-employment screening measures; 2) employee awareness programs; 3) employee or asset control policies; 4) loss prevention and asset protection systems. In essence, such programs are based on deterrence principles which assert criminal behavior is the result of *Rational Decision-Making* and *Opportunity*. By limiting the opportunity to commit crime and/or increasing the certainty of apprehension, offenders will be less likely to commit a crime [12, p. 220]. Indeed, *preventing white-collar crime at the workplace* requires a multistage prevention and detection strategy that includes: keeping potential thieves out of the company; increasing awareness of crime-related problems; preventing and detecting the crime of both employees and customers; handling offenders when apprehended [13, p. 165-169].

The situational crime prevention measures can make a company less vulnerable to victimization since these countermeasures can: increase the perceived effort of criminal behavior; increase the perceived risks associated with crime; reduce the anticipated rewards of crime, and increase the shame or stigma related to criminal behavior. Consequently, these situational measures create physical and/or psychological deterrence barriers that make offending more difficult. There are established three selected key-processes which are considered to be the most exposed to the risks of fraud (white-collar crime) perpetrating: 1) pre-selection of candidates for positions of trust in the realm of pre-employment tests; 2) implementing, executing and supervision of the financial operations; 3) certificates and payment bills. As we can find the confirmation in the modern criminological and psychological literature, the hiring process must be performed in function of professional merits and moral integrity of the candidate [14, p. 172-179]. Finally, as the result of a competition, a person who possesses the highest level of professional skills and moral integrity will be recognized able for the public service. In the realm of our research it is necessary to point out that one of the basic principles of personnel administration is considered to be *the well-organized politics of hiring process*. Namely, the hiring process is the basis of a

successful future of a corporation or a state authority (institution or organization). In order to protect its interests, companies devote considerable resources to combat employee theft and other potential sources of financial loss [15]. Indeed, most corporations have loss prevention departments dedicated to focusing on crime prevention strategies. With the intention of succeeding in hiring process, organizations ought to have, first of all, a great number of candidates who intend to be employed, and to select really competent persons [16, p. 78].

For this purpose, first of all, organizations must apply different methods of recruitment for a necessary number of candidates, and, secondly, the employer must elaborate special methods of detecting competent persons and criteria of their pre-employment testing. Such pre-employment testing includes two parts: verifying *professional competences* for which the person is employed with the exposing of comprehensible criteria and certainly determined requirements for successful employment; verifying *the score moral integrity* (when the selected job demands a certain level of trust, honesty and mental sanity).

Professional skills (competences) include the high level of intellectual capacity to work, a large vision and profound knowledge in the certain professional sphere, spirit of success, rationality, self-ordering, energy, physical endurance, leadership, communication skills, ability to make an impression upon others and other individual skills of the person which have a great influence upon the professional activity and success of its fulfillment. The basic component of any professional skill is considered to be individual personality traits of the person and his/her relationships with others [17, p. 48-49]. Therefore, the professional qualities of any employee include individual and personality traits of the person which are necessary and sufficient for the fulfillment of a definite job activity [17, p. 49].

As correctly has been mentioned in the Research prepared by the National Anticorruption Center in 2016, especially for the Republic of Moldova there is detected a very dangerous phenomenon *when a candidate is employed for the public service*. Particularly, a major risk of perpetration of a white-collar crime perpetrating exists when the decision for hiring is based exclusively on the professional experience of a potential candidate. Thus, this person can be already prepared for criminal misbehavior having his own methods of corruption or abuse of power and having his own corruption experience [18].

The most important condition for discouraging the fraudulent activity is the regular and systemic analysis of the fraud risks. This analysis includes three necessary key-pillows:

- *Internal controls*. Any corporation must take basic measures for a risk evaluation from time to time or every time when it is necessary, for the purpose of risk zones identification. Such measures are expressed in controls in order to detect and to prevent the risk of fraud, from one side, and to take supplementary and necessary measures for attenuation or elimination of the identified risks, from another side. *The system of internal control* has its own principles, as the following: a) *principle of segregation* which means that there is prohibited when one person occupies a position of trust for a long time and concentrates exclusively competences; b) *verification of the personnel* concerning their qualification, competence, education, back history of his previous workplaces, a periodical evaluation of his performances etc.; c) *verification of accounting materials* –

their corresponding to reality; d) *a proactive analysis of the own employees and third parties* who take part in the financial transactions; e) *publishing and strict evidence of the financial incidents*; f) *evaluation of risks of the fraud and other professional deviances* in order to identify potential or real gaps in supervision and to take careful measure for their neutralization or even reduction.

- *Sanctions transparency*. Inside the politics of fraud prevention there must be promoted activities of comprehending frauds by the staff. All of the employees must be informed about the fraud and sanctions which have been already applied to the perpetrators. Supplementary, there is proposed to introduce a public list of the offenders and its regular (from time to time) updating. We have to mention, that the organization must do its best to detect the most vulnerable sections and domains which are submitted to a greater risk of fraud perpetrating. Detecting them in time, organization must direct all necessary forces for eliminating of those areas susceptible to risk.
- *Personnel selection*. Honesty and personal integrity of the staff constitute the most important factor for reduction of risks of fraud. The processes of recruitment and pre-employment testing are deemed to facilitate a consequent evaluation of the candidate's integrity, besides their necessary and appropriate technical abilities and personal traits.

In order to effectively detect, assess, prevent and respond to white-collar crime, organizations need to consider a more strategic and holistic risk management approach. Technology tools can give organizations a more holistic view of their data, highlight potential areas of risk and allow them to be more focused or targeted in their efforts to combat white-collar crime. Taking into consideration the difficulties to demonstrate the fraudulent behavior and to repair the harm inflicted to the person's reputation, there will be much better to elaborate some instruments to prevent such criminal misbehavior than to struggle with its outcome after the fraud has been committed. Often, preventive techniques which are intended to reduce the opportunity to commit a fraud, including a white-collar crime, cover a solid system of an internal control, combined with a proactive evaluation, and directed again the risk of fraud, as well as introducing of the ethic culture in order to combat any potential rationalization of the fraudulent behavior [19, p. 12]. Undeniably, the most significant deterrent measure in fraud prevention is imposed to be an appropriate internal control which must be projected and exploited as a proportional reaction to the detected risks during the process of risk evaluation. At the same time, an organization would react in a prompt manner by means of creation of a new structure and as a result a new culture in order to discourage a potential fraudulent behavior [19, p. 12]. *Internal control* is considered to be one of the first steps in deterring fraud within an organization. Theoretically, fraud is less likely to occur in organizations with a strong internal control system in place versus one with a weak internal control system. Likewise, perpetrators of fraud may look for weaknesses in the internal control system as an opportunity to commit fraud. Therefore, it is imperative for accounting students to have a careful understanding of how to evaluate an internal control system to prevent and detect fraud in the workplace.

Development of the anti-fraud culture represents the key-element for the discouraging of the potential white-collar criminals as well as for the increasing of staff responsibility for the fraud prevention in the realm of management organization. A powerful ethic culture cannot offer an absolute protection against the fraudulent activity of the offenders. Therefore, any strategy of preventing and struggle with fraudulent activity inside the organizations must be based on the assumption that there exists a real probability for the future fraudulent activities and, as a result, series of anti-fraud measures must be applied. We believe, that an appropriate internal control is the best and the relevant way of protection against potential fraudulent behavior. Especially, we consider that namely the regular controlling activity will induce to the effective attenuation of the identified risks. Likelihood of successful fraud preventing will have place when the internal control will be a detailed one and very meticulous [19, p. 16]. As we have found, establishment of *a high score of the candidate's moral integrity* constitutes the basic principle which is applied during the hiring process in the countries with the lowest level of corruption. At the same time, there are widely applied supplementary verifications on the polygraph (lie detector), way of life analyzing, verification on the candidate's estate and profits.

According to the Association of Certified Fraud Examiners (ACFE) [20], companies who have fraud-educated employees lose less than companies who rely solely on accountants and auditors to detect fraud. External audits only account for 3,3% of fraud detections, anonymous tips account for 43,3%, and reviews of management 14,6%. Therefore, all internal employees should be trained in fraud detection. This public instrument of crime prevention which is promoted by the international bodies is the recompensing and penalization which basic purpose is motivating and empowering of personal integrity of the public officer. This instrument is based on the assumption that the public officer has an appropriate salary which is able to cover at least the family expenses, when this person is not imposed to look for new (alternative) sources of profit which are often arisen from the acts of corruption or another illegal activity linked to his workplace and occupational role. As a consequence, there is a stringent purpose of the state to ensure a minimum level of salary. More than it, salaries must evaluation proportionally to the professional results of the public servant [21].

To be concluded: *advanced analytics may help companies be more predictive in identifying trends and patterns indicative of white-collar crime risk that are not otherwise easily discernible. Overall, the emphasis today is on prevention and/or early detection; leveraging technology and analytics to proactively identify issues or potential issues before they turn into front-page news.* At the same time, we consider opportunistic to perform the pre-employment testing in order to forecast, an consequently to reduce white-collar criminality by means of the Irrational Theory. It will be discussed in the paragraph below.

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