

Unit 1 Topic 1.1 Page 9

Activity: Media

White collar crime

Learning objective

At the end of this activity you should be able to:

- understand how an important type of white collar crime occurs by examining a case study.

Bernie Madoff ran the biggest Ponzi scheme in history. Ponzi schemes take money from investors and rather than investing to make a gain, they use the latest investment to pay dividends to existing investors. They require a constant source of money to be able to keep all the investors happy. The video explains how the scheme operated.

A. Using the link below, answer the questions that follow.

<https://www.youtube.com/watch?v=a15SLsoe0C0>

1. Why would people want to invest with Bernie Madoff?
 2. What did the reports received by investors show about their investment?
 3. What was really happening?
 4. How did Madoff pay people their dividends and requests for money?
 5. How did Madoff get away with his actions?
 6. How did Madoff choose the rates of return that he offered to his clients?
 7. Why weren't Madoff's activities reported to the authorities?
 8. Why did Madoff's scheme initially hit a problem?
 9. Who turned Madoff in to the authorities?
 10. Who were the victims of the scheme?
- B. What does the case of Bernie Madoff show us about the nature of white collar crime? Write a sentence on each of the following: its complexity;, the level of harm caused; the social status of the offenders; and the chances of catching and prosecuting offenders.