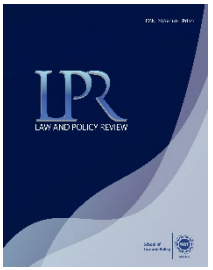
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Ending the Shell Game: White-Collar Crime in the Light of Theoretical Approach and Battling its Emerging Threat in Pakistan

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Abstract

This study intends to explore the situation of white-collar crime that currently exists in Pakistan and suggests appropriate measures to combat this perpetuating crime by reforming laws and by providing transparent access to law enforcement agencies. For this purpose, the author carried out a deep analysis of the various white-collar crimes using different theoretical approaches. Furthermore, the author stressed the effect of white-collar crimes on the country's economy. The nature of crime has evolved in numerous ways as civilization has advanced. Despite categorizing crimes in different types on multiple bases, criminal jurisprudence has designated them as white-collar crimes.

Keywords: carnival mirror theory, general strain theory, labelling theory, neutralization theory, National Reconciliation Ordinance (NRO), ponzi schemes

Introduction

A crime that often includes stealing money from corporations and is committed by those (generally) who are at the helm within an organization is known as a white-collar crime. It includes misrepresenting the finances and values of corporations with the intention to defraud the concerned authorities and others. Firstly, unlike street crimes, the offenders are aware that a crime has been committed, since white-collar crimes are not unknown to people around them. However, this definition strongly emphasizes the characteristics of the criminal (for example, high social strata) and the features of the crime (crimes committed within the extent of the offender's employment). Indeed, this white-collar crime is more severe than the conventional street crime because financial loss from a white-collar crime can ruin an entire community, rather than simply stealing from a single victim. As a result, it is critical to develop social-defense strategies to prevent, detect, investigate, and prosecute such offenders in order to cater

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the growing threat of the white-collar crime, while encouraging healthy economic growth. Companies and individuals can both commit crimes and face charges in white-collar prosecutions. Individuals may face jail time due to their actions, while corporations may face enormous fines. Pakistan is a developing country in which the vast majority of people are uneducated. Thus, white-collar offences such as financial fraud, evading taxing, money laundering, false claims, and telecommunications crimes, among others, are prominent in the country's perspective.

However, the overall crime problem in the country has worsened and money laundering, tax evasion, and financial frauds are the root causes of Pakistan's poor economic growth. The country loses billions of rupees each year only because of fraud. Corruption is rife in Pakistan, with its origins in the judiciary, police department and law enforcement agencies, government service, administration, tax and customs government, and also in procurement practices. Most white-collar crimes are particularly tough to prove because the offenders disguise their activities through a succession of intricate operations and transactions. These particular crimes have long been a serious issue for corporations. The impact deepens when the concerned authorities are duped by corporate criminals who evade taxes. As a result, there’s dire a need to investigate these offences and crimes in Pakistan. This current study looks back at the history of economic crime. It strives to investigate the roots of these offences, as well as the criminal, political, societal, and perhaps other implications for all those who committed them, and also the shape of corporate governance. It also looks into how the public perceives these crimes. In some circumstances, fake entities masquerading as legal businesses or partnerships commit corporate crimes. Organizations cannot be imprisoned but they can be criminally penalized through fines and other consequences. In several cases, criminal responsibility is based on the conduct of the company's staff and employers. Although, white-collar crimes vary greatly, yet they all share key similarities. For example, they entail the use of deception and concealment, rather than the use of force or violence, to obtain illicit money, property, and services.

Background

This first recorded case of white-collar crime shows up in the mid-15th century in the UK, probably because England was the first-ever society to industrialize and capitalism developed there earlier than many other places.

The first recorded reference of the white-collar crime law was reported in Britain in the 15th century. A merchant who was from Belgium hired an English carrier to transport bales of wool to Southampton in 1473. However, the English carrier seized the wool bundles for himself. He was caught for larceny (a sort of stealing) but could not be punished because the bales were legally his, since the Flemish merchant had donated them to him. However, the jury decided that although the current law did not recognize the English defendant's actions as theft, they were still against natural rules. As a result of this case, embezzlement became a crime. Later on, this case was considered a Carrier's Case, which set an example for a white-collar crime. Finally, the English Court of Law's Star Chamber and Exchequer Chamber adopted the law of the Breaking Bulk Doctrine, since the offence of larceny implies the act of theft. Furthermore, the rise of corporate capitalism in the 18th century heralded a new perspective on crime.

Moreover, sociologist and criminologist Edwin Sutherland (1945) invented the phrase "white-‘collar crime" in the 1930s. He used this word to characterize the types of crimes perpetrated by the "persons of responsibility" – those recognized as having a high position. The crimes include wage theft, fraud, bribery, embezzlement, cybercrime, copyright, Ponzi schemes, money laundering, copyright infringement, and forgery. White-collar crime and corporate criminality coexist. In the 1920s, Charles Ponzi set an example of fraud. Ponzi first persuaded his New England neighbours to invest with him, promising to double their money in 90 days. His initial investors saw their money more than double in less than 3 months and bragged about Ponzi. Ponzi, on the other hand, had not truly invested their money; instead, he had paid back the existing investors with money taken from new investors. Ponzi schemes are now known for rewarding old investors with money from new investors and Ponzi was caught and found guilty of 86 counts of mail fraud.

Theoretical Framework

General Strain Theory

The concept that underpins the strain theory was first articulated in the 1930s by the well-known sociologist Robert K. Merton whose work in this field proved particularly important in the 1950s. According to this theory, strains enhance the chance of crime. Similarly, relatively high magnitude

strains perceived as unfair are connected with poor social management and pose either stress or inducement for deviant behaviour, family rejection, community violence, a severe need for finance, and prejudice (Merton, 1968). One sensible explanation is criminal activity. Crime may be used to reduce or escape from strains (for instance, running away to escape from abusive parents), seek revenge against the source of strain, or to alleviate negative emotions (Agnew, 2014). Furthermore, the data also revealed that the kinds of pressure and negative affectivity experienced by such offenders may differ from those observed in other criminals. Strain theory was reinvigorated when a notable philosopher of his time namely Agnew introduced the General Strain Theory (GST). According to this theory, strain does not have to be directly concerned with the subject's economic standing; rather, it comprises a psychological reaction to any perceived unpleasant characteristics of one's social surroundings.

Similarly, Agnew noted that the inability to genuinely achieve one's desired financial wealth is a significant source of stress, stating that "many mid / higher people in the US want more money than they can have and obtain through legal routes." He further explored the kinds of strains that are the most probable to occur in criminality and classified them as such, "failure to achieve core goals and are easily achieved through crime. Such goals include the desire for much money in a short period." In plenty of cases, academics believed that their offenders were typically obsessed with a want for more wealth. Agnew proposed that when an intense lust for wealth becomes a primary objective, this type of tension causes deviant behaviour. Strain theories were established to justify why lower-class people supposedly have a substantially higher level of crime. People from various socioeconomic backgrounds are encouraged to strive for financial success or middle-class status.

Rational Choice Theory

Adam Smith is regarded as the pioneer of the rational choice theory. His essay "An Inquiry into the Nature and Causes of the Wealth of Nations" suggested that mankind's inclination toward self-interest resulted in development (Smith, 1776). According to this concept, people utilize their self-interest to make decisions that privilege them the most. In simple words, the theoretical approach elaborates that if the outcome of performing a criminal act is harsher than the veracity of failing to commit the act, then individuals are less likely to commit the crime. For instance, most of the

companies/organizations focus on charging fines instead of corporal punishment. Street criminals face the wrath of shame, which is not the same fate as that of white-collar criminals. The theory describes why and under what circumstances a certain white-collar offender chooses to commit a criminal offence. Criminal justice theorists are well aware that such elements take deterrence into account. White-collar crime is a good example of rational choice theory. An investment banker chooses to steal money. The criminal, however, having planned or considered his choices, concludes that the personal gain of stealing is greater than the risk being detected. Apart from this, another instance might be an incident of burglary in which two criminals may agree to collaborate in order to break into a home during nighttime, while the owner is on holiday. The robbers make a choice by preparing and implementing the burglary, assessing the methods and advantages, and deciding to break the law regardless of the consequences if found.

According to the rational choice theory, criminals make rational decisions and regardless of the consequences, the rewards of committing the crime exceed the punishment. Persons commit a crime when they believe that the reward is higher than the punishment. This theory focuses on the reason that leads a decision-maker to commit a crime. Crimes committed by organized criminals are intentional. Furthermore, according to the rational choice theory, committing a crime is a decision based on the effectiveness of the conditions. Since the essence of this theory is economic, most of the research on it has been conducted with an economic benefit in mind. Similarly, with a materialistic worldview in place, most financial crimes include an inside financial analysis that either persuades or discourages employees at critical moments. This approach is assumed correct worldwide; nevertheless, it is based on studies undertaken in European countries . Different testing methods, empirical investigations, and bridge concepts have all been used to establish this theory.

Neutralization Theory

Gresham M. Skyes and the American sociologist David Matza proposed this theory in 1957 when they co-authored articles on the topic of “Techniques of Neutralization”. (Sykes & Matza, 1957). The theory of neutralization is often called the Drift Theory. According to this theory, the delinquents use a series of justifications to neutralize their deviant behaviour. In easy words, it is defined as a technique of justifying how

violent criminals transgress the rules while denying their guilt or responsibility. The violators' arguments include blaming someone else, stating that the sufferer was not injured, claiming that the subject deserved the consequence (such as destruction), and claiming that many have performed harsher offences. Resultantly, delinquents frequently admit that their actions were inappropriate but twist the truth to assert that particular moments or circumstances make it permissible to transgress social laws. These findings imply that white-collar offenders are not as different from other types of offenders in terms of neutralization as believed previously. White-collar criminals do, nevertheless, vary from non–white-collar offenders in other aspects of criminal thinking.

White-collar convicts are significantly less likely to admit guilt, believe that they deserve a jail term, or embrace being called an offender. Interestingly, white-collar criminals have been less willing to blame somebody else for their offence. Both these categories of criminals have explanations, reasons, and excuses for their illegal acts but white-collar criminals appear to be significantly less likely than non–white-collar offenders to regard themselves as criminals deserving incarceration. It is highly probable that variations in the legal system's processing influence the use of neutralisation . Thus, imprisoned white-collar criminals may neutralise their wrongdoing in quite different ways than those facing far less severe penalties. There are five techniques of neutralization namely the denial of responsibility, the denial of injury, the denial of the victim, appeal to higher localities, and the last is the condemnation of the condemners.

Sykes and Matza argued that there are some ways that offenders neutralize or shift blame. The first is the "denial of injury", which contends that nobody was damaged by the perpetrator's acts, even if they were unlawful. A heroin addict arrested for trafficking drugs is an example in this case. The individual who bought controlled substances was a voluntary partner in the exchange and the dope peddler was simply meeting their demand. The minor would claim that, while the conduct was criminal, no one was harmed or wounded as a result of it. Secondly, the "denial of responsibility" is commonly connected with a criminal who was in the presence of drugs and/or booze at the time of the offence. This is because the chemical impacts of drugs and/or liquor impaired the offender's judgement and capacity to completely comprehend the repercussions of their conduct, hence the criminal cannot be made accountable for them

(Norwood, 1990). Conversely, a criminal may contend that s/he was incapable of thinking properly owing to emotive distress and, therefore, cannot be made responsible for the act. For example, a woman caught her husband cheating on him red-handed. She loaded the pistol and then shot him and also his girlfriend. She could present her stance that she was not in a clear state of mind while doing this due to grave and sudden provocation and, therefore, she cannot be held accountable for her act.

Labelling Theory

This theory is credited to Frank Tannenbaum (1938). In his study titled '*Crime and the Community*', he was the first to describe that defining, identifying, naming, and emphasizing certain properties can produce precisely these properties. This particular theoretical approach is effective since white-collar criminals are explicitly labelled as such, as opposed to normal violent criminals. This distinction has an impact on how society perceives and treats corporate crimes. These criminals are so-called because they are perceived as non-threatening and topmost individuals, distinguishing them from conventional criminals. When the perpetrators are labelled as white-collar criminals, then the outcome is significantly distinct from when they are labelled only as criminals. Also, this theory is concerned with how the majority of a community or people perceives this crime and how most people regard it as harmless, in contrast to any other heinous offence. Moreover, this is a sociological phenomenon that claims how members of the community label each other, which has a considerable influence on their behaviour. Persons who are labelled as criminals by the community, for example, are more inclined to partake in illegal actions, merely because of this social labelling. Positive labelling by societies, on the other hand, might motivate its members to demonstrate the desired attitude. Howard S. Becker, an American sociologist**,** established and popularized the labelling theory in his book *Outsiders* (Becker, 1963). For instance, a label is given to a youth by a jury, other concerned agencies, the child's parents and administrators, and his/her peers, often in demeaning ceremonies such as a revocation or dismissal hearing with the principal, a court hearing, or a household punishment, among others. As a result, the child who accepts the label may go on to act as a felon since that particular child comes to believe that s this is what bad people are meant to do.

Social Conflict Theory

The social conflict theory is a Marxist-based social theory presented by Karl Marx in the 19th century. This theory argues that individuals and groups within the society interact with each other based on conflict rather than consensus. He also said that society is in a state of perpetual conflict because of the competition for limited resources (Marx, 2016). According to this theory, the highly powerful and rich symbolize the society's upper and capitalist elite. The dominant group uses laws and law enforcement agencies to limit challenges to their objectives. The judiciary system is rigged to protect the ruling elite. Additionally, the sanctioning of laws allows the ruling class to exert influence on a domestic order that fosters and protects its interests. This theory emphasizes the idea of deviant behaviour by the upper members of the class. It particularly introduces the theme of white-collar criminals violating the law. According to this approach, financial fraud is a result of societal instability. As per the notion, class conflict creates offenders in the community. However, those who are at the helm can pass relevant laws and regulations to safeguard themselves.

Law enforcement agencies and other concerned departments safeguard the powerful firms against counterfeit items but they must be capable of protecting themselves by eliminating the prospects for fake goods creation. According to the social conflict theory, the dominant groups in the society employ laws and law enforcement agencies to reduce threats to their value, posed by the people they consider to be hazardous and gluttonous. The court system, as per this theory, is biased and geared to protect the wealthy and the powerful. The affluent and influential persons can easily pull significant assets out of their enterprises whenever they want, even though employed workers in the companies produce the value. The criminal justice system serves as a social control tool. Certain types of behaviour are restricted and certain consequences are enforced for their violation. The higher or upper class has the authority to label some behaviours as deviant. Criminal laws are primarily created to safeguard and grow capitalism's institutions. The privileged class wields power and administers resources through rules. Consider the alcohol versus drug laws. In most capitalist nations, liquor is allowed but drugs are forbidden. Poor people cannot use any contact and due to a lack of financial issues are more likely to be incarcerated for the same criminal activity; if arrested, they are much more likely to be charged; if charged, they are more likely to be convicted; if indicted, they are more

likely to be incarcerated in jail; and if imprisoned, they are more likely to be sentenced to a longer term or for a long period than the members of the upper classes.

Deterrent Theory

Cesare Beccaria and Jeremy Bentham, two utilitarian philosophers of the 18th century, developed the deterrence theory as an understanding of criminality and as a means of eliminating it. It is a neoclassical theory and relies on the fear of getting penalized to prevent people from disobeying the law that governs a society. The law-violators, on the other side, are practically daily accused of fraud, breach of trust, misappropriation of public funds, and financial fraud, along with other charges. Prison sanctions, retribution, and community service are among some of the punishments that perpetrators of white-collar crimes receive because of their unlawful behaviour (Austin-Campbell, 2020). 'Specific' and 'general' are the two main kinds of deterrence. The probability of recidivism by the accused individual is the aim of specific deterrence. However, the goal of general deterrence is to keep others from taking part in similar behaviour. Deterrence is based on three fundamental aspects namely certainty, severity, and swiftness (of the penalty). Another way to put it is that the penalty should be proportional to the offence and the harm done to others. Nevertheless, the effect of such deterrence may be mitigated when white-collar criminals excuse their illicit behaviour. The impacts of the legal penalty on the broader population (possible criminals) are referred to as "general" deterrence, whereas the consequences of judicial punishment on criminals are referred to as "specific" deterrence. The subject of whether deterrence has a substantial effect on decreasing white-collar crime is intriguing and warrants greater analytical work. Various other sources have affirmed the critical significance of the deterrence theory concerning similar acts. For instance, in a notable case of Australia decided by Chief Justice Sheller of the state of New South Wales, namely, *Director of Public Prosecutions (NSW) v Hamman* (62 NSWLR 373) it has been stated:

> When sentencing someone for revenue-fraud offences, general deterrence is a primary concern. The severity of fraud committed to the loss of public money has been considered and emphasised by the appellate court. Ultimately, the Australian tax collecting system is dependent on taxpayer honesty, namely on taxpayers completely stating their total pay in each year of revenue.

That is why the goal of sentencing is to reform the criminal and prevent the offender from committing the crime, again. The punishment and the sentence must be enhanced for people (criminals) to be rehabilitated. Media outlets, journalists, and other venues must be used to raise public awareness about these crimes. Special tribunals, akin to Fast Track courts, should be established with the authority to impose sentences of up to ten years, thus tightening the laws and regulations. Moreover, legislation must be enacted, with improved execution and implementation. Appropriate, efficient, and expedient training of officers who deal with such offences should be done regularly to keep their expertise fully updated. All of this should be implemented so that criminals are deterred from committing any offence.

White-Collar Crime in Pakistan

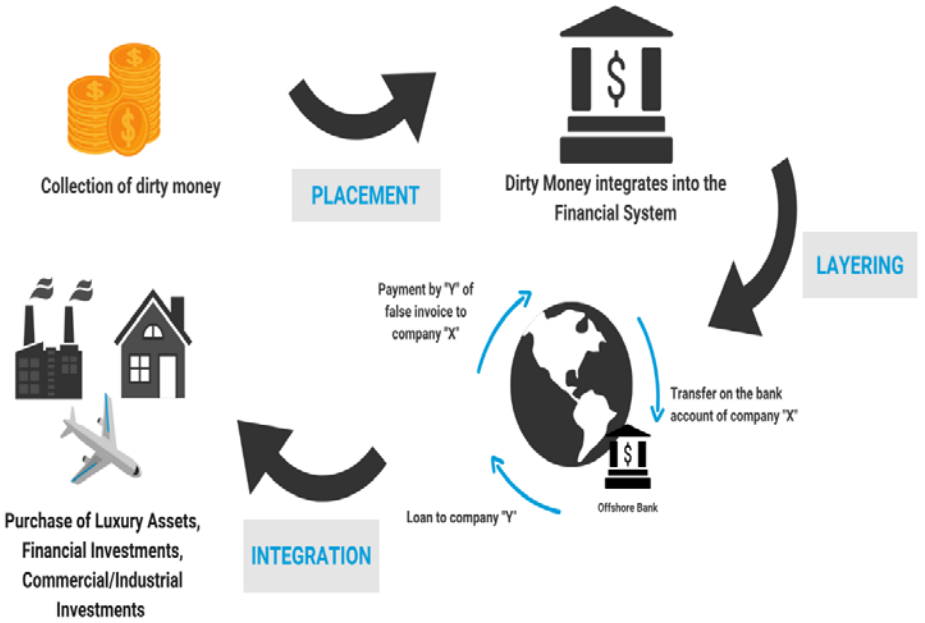
Furthermore, white-collar thieves syphon off approximately 50% of Rs 7.5 trillion. Is white-collar offence truly "violent"? Take, for example, the Islamabad International Airport. The original assessment was Rs 23 billion. The overall cost was Rs 100 billion. Just how much is Rs 77 billion? (Farrukh, 2018). The Federal Investigation Agency (FIA) and the National Accountability Bureau (NAB) are the two main law enforcement agencies (authorities) in Pakistan responsible for pursuing white-collar criminals. Can the NAB fulfil its authority? Perhaps not — in the same way, the FIA cannot deliver its mandate. To meet the two conditions, intention must be combined with capacity. Without question, punishing the defendants is very difficult around the globe, much more so than in Pakistan. White-collar crime is lethal but prosecutors are afraid of prosecuting strong defendants. There is a need to concentrate on complicated investigations, which frequently involve a nexus of organized criminal activity. Police authorities must develop alliances with a variety of organisations to leverage their expertise in sectors, such as stocks, taxation, and markets. Law scholars are debating whether a new law is required to enhance the country's incarceration rate for white-collar crimes.

As defined earlier, white-collar criminals use their power to perpetrate money laundering. Hence, influence is extremely important in white-collar crimes. The laundering of money occurs in three steps. The first is ‘placement’ which is defined as "the initial entry of the criminal's proceeds into the financial system." The second is ‘layering’ which involves the international transfer of money. Finally, the third is ‘integration’. Integration strategies are employed when the profits are delivered to the

criminals from what appears to be legit means. For instance, not all of these strategies are especially smart. One of the most prevalent methods of laundering money is through a genuine cash-based business run by a criminal group. If the group operates a restaurant, it may falsify daily cash collections to channel illegal cash via the eatery and into the bank. The profits can subsequently be transferred from the restaurant's savings account to the owner.

Figure 1

Money Laundering Cycle



In many incidents, the cause of fraud has been the abuse of position; even recently, the NAB detained many government workers who exploited their executive power for personal financial benefit. As per a report issued by *Transparency International,* out of 176 countries, Pakistan ranked 117th. As per the NAB's annual data report, Pakistan loses more than 133 million rupees daily due to financial crimes, bribery, evading taxes, and corruption. Ex-Premier Nawaz Sharif and his children face graft charges in billions of rupees and now reside in the UK for medical treatment. He used this tactic to save himself from imprisonment. In Pakistan, the NAB Ordinance 1999, anti-corruption laws, as well as the earlier *Ehtisab* Act 1997 are the three set of legislations which largely address white-collar offences. Given the

current condition of events in Pakistan, there seems to be an urgent need for a legislative branch and judiciary to take prompt action to guarantee strict adherence to existing laws. A judicial system that safeguards society from the tremendous costs of white-collar crimes committed by directors, chief executives of firms, and high office bearers is needed.

On the flip side, the media has played a reasonable part in safeguarding white-collar offences since it can encourage flag-waving among citizens worldwide, especially in Pakistan. Moreover, appropriate use of the mainstream press deters everyone from indulging in tax evasion and money laundering.

Pakistan is one of the emerging economies where most of the population is illiterate and its literacy rate is less than 65%. The administration is the only body with the authority to enact good or strict laws for the community. Effective governance occurs when all actions are performed only for the benefit of the society. The judicial system demands the following elements: prisons, courts, and law enforcement authorities. The government has power over all three of these groups. It is the state's duty to better train law enforcement officers, judges, and tax collectors. Training is required for the detection of all types of crimes. The efficacy of government has been linked to all areas. The Pakistani government should equip tax collectors in inventive directions. Today, tax collection agents are not sufficiently trained and provided with the appropriate abilities to collect or recoup tax. Tax collection agencies that are properly trained can resolve the challenges of financial crimes. Proper training of tax collectors may dissuade dishonest people from committing tax fraud. Judicial training may improve judges' ability to cope with criminal codes. Despite the obvious directives of not to interfere with the rights of others, Pakistan is not immune to the deceitful acts of these kinds of tax offences perpetrated by tax avoiders. Top executives in any organisation can play a detrimental or a good role in the field of white-collar crimes in any community, although top executives in any organisation may themselves undertake white-collar crimes. Section 9 of the NAB Ordinance, 1999 defines corruption and corrupt activities, which includes several types of white-collar offences.

Previously, the government established the *Ehtasab* Commission and the *Ehtasab* Bureau in short succession in 1996 and 1997, accordingly. Both organisations were heavily lambasted for their lax and partial accountability. These organisations were later disbanded due to political persecution

charges made by political adversaries. Eventually, the military dictator Gen. Pervaiz Musharraf formed the National Accountability Bureau (NAB) in 1999 to combat the massive surge in fraud throughout every government sector department during the preceding decade of political regimes. NAB was given extensive authority in the areas of custody, inquiry, and punishment. Following the promulgation of the National Accountability Ordinance 1999 in Pakistan (1999), various frauds and public scandals appeared. At the federal level, the Federal Investigation Agency (FIA) and the National Accountability Bureau (NAB) cope with white-collar offences, while at the provincial level, anti-corruption institutions probe and prosecute white-collar criminals. The primary anti-corruption legislation is the National Accountability Ordinance (NAO) (1999), the Federal Investigation Agency (FIA) Act, 1974 (1975), the West Pakistan Anti-Corruption Establishment Ordinance Act 1961 (1961), and the PCA 1947.

The most recent legislation, that is, NAO (1999), set up the national Accountability Bureau (NAB), which was given broad powers. Furthermore, special courts have jurisdiction under the NAO 1999 with the principal goal of providing fast justice in the cases of financial fraud and money laundering that are being heard by the different High Courts. However, politicians and legislators can make laws in the parliament with a 2/3rd majority to restrict concerned authorities in a bid to arrest them. Furthermore, they can cancel their cases (criminal/corruption). This needs to be stopped as soon as possible. However, the politicians, legislators, business tycoons, and those who commit this crime may not be happy to utilize this innovative method to bring some real change to counter real-world challenges. Conversely, one of the primary motivations for money laundering is evading tax. Many wealthy Pakistanis dodge paying taxes. They frequently bribe tax officials and staff to either show their tax status as "paid" or not alert the tax department that the tax was not paid. They also bribe anti-money laundering officers to facilitate huge sums of funds to be sent externally and labelled as "clean" without paying the appropriate tax on it, whether by reporting an erroneous sum of transferred cash or not reporting it at all.

As a result, money laundering occurs in two ways, namely by dodging taxes and by effectively transferring funds to foreign banks in order to obtain property abroad. Taxation in Pakistan is exercised at three levels: federal, provincial, and local. The regulatory body of the Central Board of

Revenue is in charge of revenue collection at the federal level. Income, customs, excise, and sales tax are the four principal taxes at this level. This work is also carried out by numerous departments at the provincial level. Stamp duty and electricity taxes are major levies at this level. District government bodies also charge taxes at the local level.

Tax evasion and tax avoidance are two separate concepts having distinct definitions and effects. In simple terms, tax avoidance is the utilization of lawful means to limit tax liability or tax owing. Tax avoidance is the practice of avoiding taxes, whereas tax evasion is the process of not paying taxes. The latter is indeed criminal, although the former is legal (in certain circumstances). Tax evasion occurs after tax liability, whereas tax avoidance occurs before tax liability. In this way, while tax evasion expands the self-employment sphere, it reduces the average size and productivity of self-employed enterprises. Wealth disparity declines significantly by evasion since higher saving rates result in lower interest rates and higher labor productivity results in higher earnings. The figure given below in the subsequent part of this article shows that the root cause hindering Pakistan's progress is money laundering and corruption, as emphasized by former PM Imran Khan.

Grim Reality of Pakistani Ex-President, then Premier and MPs

Conflict arose when former president and four-star General Pervez Musharraf granted immunity to corrupt elements in 2007 and barred them from taking legal action against the parliamentarians and ministers of Pakistan by granting them NRO (National Reconciliation Order) based on external interference. All those criminals not only got Scot-free but they were also exempted from the charges of murder and embezzling billions of dollar in corruption. Ex-PM Nawaz Sharif and former President Asif Ali Zardari and his wife were a part of this deal. The former Minister to Communication Murad Saeed alleged that "Ms Bhutto and Asif Ali Zardari begged their masters in Pakistan and the US while signing the NRO" (Benazir Phoned, 2019). Speaking in the National Assembly, he quoted Condoleeza Rice saying in her book that former prime minister Benazir Bhutto sought the help of the US administration. Benazir Bhutto demanded the US administration that her colleagues and her husband Asif Ali Zardari should be immunized against the charges of corruption and money laundering (Benazir Phoned, 2019). It gave amnesty to officials, politicians, and administrators suspected of graft and wishing to flee the nation for

their embezzlement, financial fraud, and murder committed between January 1, 1986 and October 12, 1999. On December 16, 2009 the Supreme Court of Pakistan pronounced NRO as unconstitutional, rescuing the state from political turmoil.

According to Dawn, both Asif Zardari and Benazir Bhutto were convicted by a Geneva court in 2003 of laundering $13 million linked to kickbacks. Swiss judicial authorities in August 2008 said that they had closed the money-laundering case against Asif Zardari and released $60 million frozen in Swiss accounts for a decade after Pakistan dropped out of all cases it had initiated there (No Request Sent, 2009). Following the reinstatement of the country's top judges, NRO was declared unconstitutional by the court and top officials at the country's premier anti-corruption body, that is, the National Accountability Bureau (NAB) were asked to reopen all the cases that were pending before the NRO was instituted. However, under the Constitution of Pakistan 1973, the President is immune from prosecution while in office. Hence, Asif Zardari was never convicted in any case in Pakistan (Imtiaz, 2010). Additionally, former president Asif Ali Zardari was also accused on the charges of money laundering with the help of the model Ayaan Ali totaling $506,000. Global Corruption Report (GCR) has called Asif Ali Zardari the most corrupt person in the world (Raheen, 2010). According to the report, as Jatoi's government hunts for the evidence of corruption, its central target is Asif Zardari. However, Jatoi said, "A 10% commission had to be paid to get permission for setting up any project. Therefore, people used to call him Mr. 10%" (Roberts, 2011).

Considering the foregoing, the Panama Papers case was a major judgement by Pakistan's Court of Last Resort that barred former Premier Nawaz Sharif (NS) from holding his office for life. In the aftermath of Panama scandal, which revealed connections among the family members of Nawaz Sharif and eight foreign firms, opposition politicians Imran Khan and Sheikh Rasheed petitioned the court. With the split decision of a leading majority of a panel with 3-2 in 2017, the Judge ordered the making of a joint investigation team to probe charges of money laundering, corruption, and conflicting claims by Nawaz Sharif and his family, with the dissident judges ordering that Sharif be ousted. ICIJ (International Consortium of Investigation Journalists), the international body having almost 280 investigative journalists with more than 100+ media outlets, found out that

Nawaz Sharif and his children Maryam Nawaz, Hassan Nawaz, and Hussain Nawaz "were owners or had the right to authorize transactions for several companies" (Organized Crime and Corruption Reporting Project [OCCRP], 2016). Their real estate is collateral for loans of up to $13.8 million, according to the leaked Panama Papers (Shah, 2016). Moreover, Shahbaz Sharif (who is the current Prime Minister of Pakistan and the brother of former supremo Nawaz Sharif) was also convicted in the money laundering case with his son worth Rs16 Billion.

In December 2021, the FIA filed a challan against PML-N president Shehbaz Sharif and his son Hamza Shahbaz in a court of law for their alleged participation in the laundering of Rs 16 bn in the sugar scam case. The investigative team discovered 28 Benami accounts of the Shehbaz family, through which Rs 16.3 billion in money laundering were perpetrated between 2008 and 2018. FIA investigated the cash route of 17,000 credit transactions, according to a report provided to the court by FIA. The money was maintained in "secret accounts" and given to Shehbaz in his role, according to the investigation. The money collected from the bank accounts of poor workers was sent outside Pakistan through *hundi/hawala* channels, eventually targeted for the benefit of his close relatives, according to the FIA. The Sharif brothers, that is, Shahbaz Sharif (the current PM and his both sons), Nawaz Sharif (the former PM), and her daughter Maryam Nawaz have been accused of corruption. Panama papers listed more than 8 offshore companies in the British-Virgin Island of the children of the former premier Nawaz Sharif. Apart from these, there are many other scams as well, such as *Hudaibiya* Paper mills corruption worth Rs 1.2 billion, Rs 25 billion corruption of Shahbaz Sharif and his son, and Rs 4 billion corruption in Punjab Saaf Pani Company. This entire family is corrupt and such mafia should be held accountable for their acts. Interestingly, when the current Prime Minister Shahbaz Sharif became the 23rd Premier of Pakistan on April 11, 2022, he freed themselves and many of the corrupt politicians from corruption charges of around Rs. 1,100 billion by changing the NAB ordinance 1999. Upon this, the chairman of the PTI Imran Khan said in his tweet, “Rs. 1100 bn of the Rs. 1200 bn that was being investigated by NAB will now be out of NAB’s jurisdiction, giving this criminal mafia their NRO2. History will neither forget nor forgive all those who were part of and enabled this conspiracy against Pakistan to succeed.” He considered that day a “Black Day” when that corrupt mafia got Scot-free by changing

the NAB ordinance. They are doing this for the last 40 years. Imran Khan has exposed its corruption and malpractices to the public.

Individuals, meanwhile, are still mostly oblivious of the commercial misuse of authority and do not completely comprehend this criminality. White-collar crimes are sophisticated crimes that are typically committed by highly educated individuals. South Asian countries presumably have a higher ratio of such crimes as compared to the West. These offences are very difficult to recognize and far easier to commit. Authorities all over the globe are working to dispel the understanding that only street crimes are real and worthy of punishment. It is because there are strict punishments for offences such as evading taxes and financial fraud. Additionally, it is to be noted that it is critical to handle this crime for the benefit of the society because such offences can be committed to a greater extent. Since Pakistan and India are growing economies that cannot afford to consistently confront these offenders, legal punishments for such offences should be rigorous and specific. Due to this, if a community can successfully cope with these corporate crimes and assign them the same reputation as typical street crimes, this would benefit its macroeconomic progress.

Tax evasion and money laundering are the two main reasons for the prevailing mass poverty in least developed nations. Former Prime Minister Imran Khan emphasised the importance of implementing the final report of the International Financial Account, transparency, and integrity for accomplishing the 2030 development objectives (FACTI Panel) in order to halt the unlawful and suspicious outflow of money from underdeveloped nations to tax havens, which he claims totals $1 trillion per year and is destroying the developing world. Also, at the start of 2022, former premier Imran Khan acknowledged that evading taxes is the key cause of economic instability. Tax evasion harms the Central Bank in terms of billions of rupees, forcing the government to depend on indirect taxes, which contribute to price increases. Tax avoidance in the lubricants and tyres business (of automobiles) is expected to the tune of Rs 90 billion, in the tobacco business sector to the tune of Rs 75-80 billion, in the real estate sector to the tune of Rs 55-65 billion, in the pharmaceutical sector to the tune of Rs 45 billion, and regarding tea to the tune of Rs 30-35 billion. There were 304 pharmaceutical enterprises in Pakistan. However, the Drug Regulatory Authority of Pakistan reports that this figure has more than doubled to 650 in the last two decades. Tax avoidance due to importation

and fake products costs the pharmacy business Rs 45 billion out of a total value of Rs 490 billion. In an inspection of official papers, Geo News discovered that at least 103 MPs have a collaborative property of more than Rs 8 billion. However, they do not assertively pay their taxes and a few are not registered as FBR taxpayers, despite having investments worth millions of dollars in UAE, in Scandinavian countries, and also in England.

White-Collar Crime and its nexus with Carnival Mirror Theory

Jeffrey Reiman, in his book The Rich Get Richer and the Poor Get Prison (2007), said:

> First, we are led to believe that the criminal justice system is protecting us against the gravest threats to our well-being. The second deception is if people believe the carnival mirror is a true mirror, they come to believe that whatever is the target of the criminal justice system (CJS) must be the greatest threat to their well-being (Roberts, 2011).

The system of criminal justice reflects back at us a flawed vision of what really causes us the greatest harm among potential threats. This is known as Carnival Mirror. The criminal justice system functions as a carnival mirror, magnifying the prospect of street crime while downplaying the damages caused by occupational risks, health care hazards, pollutants, and poverty. This mirror benefits the wealthy and the privileged, while casting a bad and skewed image of the disadvantaged minority. Carnival Mirror theory provides a solid theoretical approach for a greater understanding of white-collar crime sentencing. A crime committed by a poor person or by a person from a lower social rank is punished severely in our society. On the other hand, when such a crime or offence is committed by a man who is rich or could use his contacts, he is able to get away with it. It's high time in Pakistan to reform not only the law but also the criminal justice system and strengthen the law enforcement agencies to work independently, without any undue influence. Furthermore, a system of checks and balances should be put in place.

FATF and Pakistan

Since the time Pakistan entered FATF's grey list, it has been striving hard to delist itself. The G7 countries established FATF in 1989, with its headquarters located in Paris and thirty-nine countries included as participants. The primary goal of FATF was to develop an intergovernmental strategy to combat money laundering; however, in

October 2001, after 9/11, it took on another essential goal, that is, combating the financing of terrorism. This task force provided forty guidelines to prevent financial crimes, that is, laundering of money and nine measures to curb terrorist financing after the event of 9/11. FATF focuses on some principal areas, for instance, establishing nationwide anti-money laundering and counter-terror funding standards. Furthermore, it evaluates the degree of execution of such programmes by partnering entities under specified requirements. It develops action plans and advises governments regarding AML and terror financing legislation and policy reforms. It also analyses the government's economic transactions to monitor any embezzlement connected to launder-the-money legislation. Pakistan demonstrated outstanding achievement, deserving removal from the FATF's list of nations subject to "enhanced monitoring" (grey list).

Pakistan maintains a strong anti-money laundering and counter-terrorism funding regime in compliance with global norms. FATF's grey-listing has fostered in officials a stronger desire to identify, probe, and punish financial fraud. Likewise, courts have been aggressive in gradually resolving the disputes of money laundering offences, especially in ironing out issues that could impede the progress of prosecuting such a case in the court of law. Despite this, the state still requires concerted efforts to be considered for the whitelist. FATF will analyze the level of technical compliance as well as the efficacy of the structure in the approaching June 2022 assessment. As a result, the current (AML-CFT) system must be reassessed and the gaps in the legal and law enforcement framework should be resolved to bring it in line with the global best practices. Pakistan has revised its anti-money laundering and combating the financing of terrorism regulations in recent months. However, these revisions are not in line with external standards and create a conflict of interest at several levels. Furthermore, policy model delegated monitoring and management to a range of organizations, including the National Executive Committee, General Committee, and other Regulatory Bodies, which are administered by politically exposed individuals, particularly ministers and federal secretaries. Pakistan is failing to meet the commitment to address FATF's most immediate problem, which demands the nation to exemplify that TF explorations and investigations aim at senior members and commanders of UN-designated terrorist groups. These restrictions are strengthened by appointing people and entities for UN designation, as well as restricting and seizing criminal proceeds under Pakistan's risk profile.

The importance of philanthropic organisations in financing terrorism and laundering money, on the other hand, cannot be overlooked. Besides, the Financial Monitoring Unit must be self-sufficient and should operate without the interference of a third party. Pakistan has identified 228 incidents of terrorism financing and sentenced 58 offenders. According to the numbers in the study, 49 of the 58 indictments occurred in the Punjab region, Nevertheless, nine terrorist funding indictments were found in other districts, which opposes the country's risk profile.

Interestingly, the joint assessment document states that in the five years from 2013 to 2018, Pakistan's law enforcement authorities began 2,420 inquiries into the laundering of money, among which 354 charges were made and only one was sentenced by NAB (Haq et al., 2022). Unfortunately, no convictions were obtained from the inquiry launched by ANF and FIA**.** In this respect, authorities play a critical role in giving guidelines and sector-specific instructions to relevant experts. The State Bank of Pakistan (SBP) regulates financial and non-financial institutions, while the Financial Monitoring Unit (FMU), which is a Pakistani financial intelligence unit, remains in charge of assessing fraudulent transactions, sharing money laundering information with law enforcement agencies, and detecting terror financing and other economic crimes. Both of these organizations appear to lack competence and abilities or remain uninterested in enforcing worldwide best practices in their respective sectors. The prior $225 million penalty was imposed on HBL by the New York State Department of Financial Services (NYSDFS) which is a financial regulatory department under the supervision of its government and then the Federal Reserve Board known FRB imposed a $20.4 million fine on our National Bank (NBP) on the violations of the laundering of money, is a position paper for both the State Bank of Pakistan and Financial Monitoring Unit (Shakoori & Bukhari, 2022).

Terrorists require funds to carry out their criminal activities. Sponsorship is provided by their patrons who are frequently found to be money launderers, as well as politicians and the upper crust of the community who assist them covertly. Hence, money laundering is linked to terrorist actions. Eliminating money laundering will result in a significant decrease in other illicit activities, such as terror financing. Effective application of these measures is critical for preventing the flow of money for offenders, particularly for terrorists. Strict limits on the

laundering of ill-gotten funds are regarded as a significant aid in uncovering fraud and deterring tax and financial fraud. The flow of remittances through legitimate channels has increased dramatically. The new SBP guidelines forbid the use of personal accounts for charitable purposes or the collecting of donations and urge banking firms to re-examine their relationships with non-governmental organizations and other charitable organizations. Also, banking institutions carry out extensive due diligence on companies and individuals who approve their financial records before developing a link with people as the first-line defence against laundering money. Furthermore, the aim is to guarantee that charitable organisations have no connections to banned groups and investments are not used for unlawful purposes. The Anti-Money Laundering Act of 2010 is the law that governs the prevention of financial fraud as well as the prevention of terror financing and this act applies across Pakistan.

Interestingly, in 2012, Pakistan was put in the grey list till 2015. Almost 3 years later, on June 29, 2018 Pakistan was placed again and was given a stipulated time of 15 months for the implementation of 27-action plan, failure to do so would put Pakistan into a blacklist. After making a high-level commitment, Pakistan escaped the FATF's blacklist in 2019 but then it was decided that it will remain in the grey list and was tasked to complete its full action plan. After 4 years, the global money laundering and terrorism financing watchdog removed Pakistan from the grey list in October 2022, which proved that Pakistan has made significant efforts to counter money laundering and terrorism financing.

Conclusion

According to the above research, to combat white-collar crime, several laws are implemented by the central government departments. The crime's financial, environmental, and human costs are immeasurable. As a result, law enforcement agencies must take immediate and decisive action to halt the growing devastation. To a greater extent, the phrase still relates to high-level crimes. These are the crimes that hurt the nation's economy, overall. It endangers economic growth through financial crimes, financial theft, and tax avoidance, and hurts the society as well as a country's or individual's economic state. The primary causes of professional criminality are a lack of transparency, low self-esteem, and poor governance and administration. As society progresses, existing regulations and institutions must be modified to combat corruption and strive for our society's welfare and development.

Recommendation

It is recommended that there must be a ministerial body at the provincial and federal levels in Pakistan that only deals with the matter of corruption, money laundering, tax evasion, bribery, asset beyond means, illicit outflow, and financing terrorism under the supervision of the Premier and Armed Forces. Also, the government should set up organizations regarding such matters and it should collaborate with international firms and institutions to carry out effective tasks. This would ultimately put a massive curb on corruption and other financial-related crimes. By doing this, not to a greater extent or 100% but up to 40-50% graft offences and other white-collar crimes can be curbed. Last but not the least, there must be strict checks and balances that would ultimately cause deterrence with harsher punishment and this crime should not be dealt with compensative punishment, elimination of outstanding warrants, or a plea bargain. If an official is charged with a white-collar crime, he would be charged or alleged with corruption or money laundering and if proved, then he must be put behind bars. This will not only set an example but also cause deterrence for a lifetime to others. These are the systemic loopholes that need to be investigated. Even in China, graft cases involving an extraordinary value of three million yuan ¥ (3 million CNY) or more may incur the death penalty.

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