

Pink-Collar Crime: An Interview with Kelly Paxton

BY KRISTIE M. YOUNG, CMA, MBA, DBA



Kelly Paxton, CFE, is a pink-collar crime expert. After beginning her career in finance, she then trained to become a special agent for the U.S. Customs Office of Investigations and later became an analyst on the Fraud Identity Theft Enforcement Team for a local sheriff's office in Oregon. "I was a special agent. I arrested bad guys. All of a sudden, I start working in the sheriff's office and I'm arresting people who look like me. It was a mind-blowing experience."

In 2020, Paxton published a book titled "Embezzlement: How to Detect, Prevent, and Investigate Pink-Collar Crime" in which she shares her knowledge about pink-collar crime. After reading her book and learning more about pink-collar crime, I had the opportunity to (virtually) sit down with her and talk more in depth about her experiences.



KEY TAKEAWAYS

The Gendered Face of Embezzlement: Pink-collar crime, typically committed by women in mid-level or lower-level jobs, highlights how trust and access can turn ordinary employees into offenders.

Pressure Cooker Situations: Many pink-collar criminals don't wake up planning to steal. They're often pushed by personal crises and rationalize their decisions as temporary fixes.

Serial Embezzlers vs. Situational Offenders: While most pink-collar criminals feel remorse and confess, serial embezzlers are master manipulators, exploiting vulnerabilities in the system.

Small Businesses Under Siege: Embezzlement can cripple small businesses, but tactics like random audits and clear duty separation can provide defenses.

Remote Work's Hidden Dangers: With remote work on the rise, it's often easier for embezzlement to go unnoticed, making regular checks and oversight even more critical.

QUESTIONS AND ANSWERS

AUTHOR: WHAT IS PINK-COLLAR CRIME?

Kelly Paxton: Kathleen Daly¹ popularized the term pink-collar crime, who describes it as low to medium level employees, comma [emphasis added], primarily women and it [the name] is because women are in low to medium level positions.

Freda Adler was one of the first criminologists to take gender on and her book is called "Sisters in Crime: The Rise of the New Female Criminal." For three years, she [Adler] had over 300 media appearances and I can't get any archives of any of them. She was on the "Tonight Show."

She was on "To Tell the Truth." Barbara Walters interviewed her and everyone took her [Adler] to say you're taking away from women's gains in the workforce and she said no, I'm not. Her [Adler's] thing is women are first humans; second, they are women; and third, they can be criminals.

You know who pushes back on me are women. Usually if I get someone who immediately thinks it [pink-collar crime] is about gender, it's a woman. I know no one wants to talk about gender, but it's a thing. I don't think a man could do this topic and that's wrong. It's crime. Anyone should be able to talk about it. And we're all people. People commit crime.

WHO ARE THE LIKELY PERPETRATORS OF PINK-COLLAR CRIME?

Dr. David Weber used U.S. Sentencing Commission statistics and women are [convicted] 13% more than men, in a five-year period, for embezzlement. And that's just federal. I would say local, it's even more, because a lot of the cases go local, not federal.

I just met a woman the other night. She was hired by a guy a long time ago. He said I know you and I trust you, and I know that you won't steal from me. ... It was so important for him to trust her, which is great, but he doesn't know. What if her husband gets sick, they get divorced, the kid gets sick?

[A woman] stole \$27,000 from the town she was almost a 50-year employee for. Her husband got cancer. For almost 50 years, she was a great employee. Her husband gets cancer, and she says they needed to buy food and she steals money.

Everyone has a price. Mine happens to be in the hundreds of millions of dollars. Some people's price can be \$2,000. For someone to say that I don't have a price, I think is disingenuous.

I think most of the people who commit pink-collar crimes don't get up in the morning and say I'm going to steal today. I think they see an opportunity and they take it because there's pressure and there's rationalization. [They] are good people and cross the line. I joke that I could put a pink-collar criminal in the audience and no one would know who she or he is, because they don't have a scarlet E and they look like us.

HOW ARE PINK-COLLAR CRIMINALS DIFFERENT FROM SERIAL EMBEZZLERS?

Most of these people [pink-collar criminals] will confess, except for the serial ones. And there are serial embezzlers. They're grifters. Those ones are going to be really difficult to deal with. My rule is, anecdotally, if they start stealing within six months of a new job, they've done it before. They didn't learn on the job; they learned somewhere else. Look at their history. If they start stealing right away, they've done it before. Also, the person who has done it [embezzled] generally has a get out of jail free card. They know that the business owner is writing off their kids' car, is taking that junket and they'll threaten. They'll get desperate, the serial ones.

WHAT DOES THE AFTERMATH LOOK LIKE?

I think there is a silver lining in a lot of cases and Cheryl Obermiller is the prime example. She was a small business owner who got ripped off. Her business has more than tripled since this happened. She's written a book. It's her passion to

help other business owners understand how it happened to her. She's just a Midwest mom who started a paving business to pay for her kids' ballet lessons. It's a multimillion-dollar business now.

I think there's a learning and teaching experience on both sides of the equation. I have a recent podcast with Diann Cattani, who actually stole over \$400,000. Cattani told me her daughter now has a position and she [her daughter] says had it not happened, maybe it could have happened to me, because she's seen how easy it is. She works for someone who gives her a credit card and says go the store and get this for my house. She's so on the line, whereas a lot of other people are going to go, well I drove to the store. He's not paying me for gas. I'm going to buy a pack of gum. And then the pack of gum turns into whatever.

Also, there was a woman who stole \$250,000. She was a waitress. The most recent time I talked to her, she's never been happier. When they get caught, and most of them do get caught, they always know they're going to get caught. There is a sense of relief and they can kind of live their true life after the fact.

WHAT CAN SMALL BUSINESSES DO TO PROTECT THEMSELVES?

Make sure your employees take vacations, segregation of duties. I was just at CU Denver last week and someone asked what if you don't have the staff to do it? Then mix things up. I talk about "surprise and delight." If the auditors only come in the month of June, have them show up in October. If they think you only look at checks at say, \$5000, pull a \$500 check.

I'm a big proponent of the "parking lot audit." I know a case where one guy looked out the window and he saw her [his employee] driving a brand-new Cadillac Escalade and he started paying attention to her. She stole \$842,000.

You've got to be the first person to get to the bank statements. I can't tell you how many people can change a bank statement with technology and I see it all the time.

Culture and tone at the top are so important. Employees see what the owner of the business does. I use this example all the time. Say the business owner has a trade show in Key West and takes his whole family. Then he comes back and he hands his black American Express bill to his office manager and "Gladys" asks, so how do you want me to break this out? I know you took the wife and kids. And he says just pay it; it's none of your business. Well six weeks, six months, six years later, Gladys's kid needs the last \$200 for the school field trip to go to the beach. What goes through Gladys's head? That business owner may be taking an owner draw at the end of the year to cover that, but when you have that sort of attitude, your employees see it.

Small businesses can't afford McKinsey or Boston Consulting Group. A lot of them can barely afford their accountants. They say only 15% of all embezzlement cases get turned over to law enforcement and it's because a lot of times they can't afford us. I have to work under attorney-client privilege and I say you have to hire a lawyer. They [clients] say I just got ripped off \$50,000;

I can barely pay the light bill now. And it's really, really hard for someone like that who's gone through a theft, who doesn't have insurance. I would say get insurance. It's not that expensive. It's worth it. If you do get ripped off, you have to notify your insurance company the minute you find out.

Be very careful confronting a suspect. This is when you need a lawyer. I hate to say it. I know someone who got sued because they falsely accused an office manager of theft, so you have to be very, very careful. And I know when someone finds out that they've been ripped off, they just want to get rid of them [the employee]. They don't ever want to see them again. [They want] to have them escorted out. You have got to be very thoughtful and unfortunately, strategic about how you do it, because there's nothing worse than getting ripped off and then getting sued for falsely accusing someone.

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HOW DOES REMOTE WORK AFFECT PINK-COLLAR CRIME?

Everyone in the fraud world thinks that it [embezzlement] is rising with remote work and part of that I think is behavioral science. When we have distance between people, people can lie and cheat more easily. If you're sitting right outside your boss's office, I think you're going to behave better.

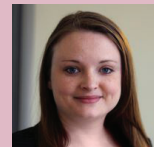
Accounting is just easily done remotely and so you're going to trust but verify even less I think because it's remote. [With remote work] you don't see the car they drive. You don't see the shoes they wear. You don't hear about them going to Vegas for the weekend, so you also lose that. It's harder to know what your employees are doing. I'm not saying it in a creepy sort of way, but it's just harder to know when it's remote.

WHAT INSPIRED YOU TO WRITE YOUR BOOK?

The bigger idea is to get the word out. The number one thing is shame and humiliation; why people don't turn that person [embezzler] in. A lot of times someone is ripped off and people say, "well you weren't very smart to let that happen." I can show you an astronaut who's been ripped off, a neurosurgeon who's been ripped off, so I want people to not feel bad about it. I want people to be able to come forward and not be embarrassed. I don't want to normalize embezzlement; I want to normalize people talking that they have had it happen to them.

The author would like to thank you for sharing your experience and insights on this important topic and its effects on businesses and individuals alike.

¹As an Associate Professor of Sociology at Yale University, Kathleen Daly published a study about fraud and gender in 1989.



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