RESEARCH ARTICLE

Victim Compensation Policy and White-Collar Crime

Public Preferences in a National Willingness-to-Pay Survey

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Research Summary

We use survey data from a nationally representative sample to explore public support for taxpayer-funded victim compensation programs for financial fraud, consumer fraud, identity theft, and burglary. We use contingent valuation (willingness-to-pay) methodology to infer preferences for compensation programs and explore predictors of those preferences. Overall, our findings reveal that the public strongly supports the implementation of victim compensation programs. Our results also indicate, however, that this support may be driven in part by perceptions of benefiting from this program directly in the future. Additionally, a small but notable minority of respondents exhibit preferences for programs without compensation.

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Policy Implications

Our findings suggest that the general public is supportive of restitutive compensation programs, not only as paid for by offenders but also as paid for by the government. We suggest that policy makers may seek to extend victim compensation funds to white-collar crimes, which may otherwise be more financially damaging than traditional crimes.

Keywords

victim compensation, public preferences, willingness to pay, white-collar crime, fraud

Estimates of the cost of crime to victims range into hundreds of billions of dollars. Yet, crime victims seldom receive full compensation for the monetary harms they endure, such as property loss or damage, lost wages, medical, or mental health care costs. Indeed, restitution is not mandatory in all jurisdictions, and even when it is, judges often reduce the amount based on the offender's ability to pay.[1] Beginning in the 1960s, various government-sponsored victim compensation funds were established to augment restitution (Kauffman and Samuels, 2014). Given the limited financial means of many offenders (Rabuy and Kopf, 2015), and the limited victim compensation program funding that relies mainly on offender fines and penalties, relying upon restitution and/or victim compensation programs is unlikely to provide adequate funding to ensure victims are restored to their previctimization financial state. For example, victim compensation programs provide an estimated $500 million annually to ~200,000 victims, which is only a small fraction of the millions of Americans who are victimized by crimes in the United States (see the National Association of Crime Victim Compensation Board website: nacvcb.org/index.asp). Anderson (2012) estimated that crime victims lose $14.7 billion annually in wages alone. The most recent victimization survey (Truman and Morgan, 2016: Table 6) estimated that only ~9% of violent crime victims receive any form of assistance from victim assistance programs (including assistance in obtaining restitution and/or victim compensation). To increase victim compensation funding would likely require additional revenue sources beyond the current stream of penalties and fines.[2]

Not only are crime victims underserved by victim compensation programs, but also these programs are limited in the scope of crimes included. Programs seldom cover victims of burglary, theft, and fraud, and compensation is generally unavailable for victims who were not physically injured (Kauffman and Samuels, 2014). Yet the costs of consumer fraud are

1. Cohen (2005) cited data indicating that restitution is ordered in only approximately 15% of felony convictions, and even when ordered, only half of the amounts ordered are collected.

2. Although currently approximately $600 million annually is diverted from direct victim compensation from the Crime Victims Fund to other forms of victim assistance-related grants, even this level of funding would not come close to satisfying the potential need. See Statement of Congressman Bob Goodlatte, House Judiciary Committee Oversight Hearings, June 8, 2017 (judiciary.house.gov/press-release/goodlatte-statement-hearing-department-justices-grant-programs/).

high. For example, Cohen (2016) estimated the out-of-pocket costs to victims of identity theft (aside from the cost to banks and other organizations who bear the largest direct costs) total $13 to $32 billion, whereas the cost of consumer fraud is estimated to range between $4 and $12 billion. These costs far outweigh the funds currently available for victim compensation programs. In a recent study of victim compensation programs, Evans (2014: 17) recommended that state programs "address victims of other types of prevalent crime, including financial fraud." Some scholars have argued that the scope of property crimes would create a compensation program so large, and (presumably) easy to take advantage of, that "where it is the taxpayer who funds the arrangements, [compensation programs for nonviolent crime] are financially and thus politically prohibitive" (Miers, 2014: 156). This assumption, however, may not be an accurate representation of public support for victim compensation programs for nonviolent crimes. In fact, there is scant empirical research on the degree of public support for victim compensation programs in general, despite the existence of some compensation programs for more than three decades (Cohen, 2005; Miers, 2014). Furthermore, we are unaware of any evidence on whether taxpayer-funded programs have public support.

In studying how the public tends to view victim compensation for crimes, scholars have been primarily concerned with public acceptance for *restitution,* or the financial payment to victims *by offenders*, as a punishment alternative. Researchers have generally found broad public support for financial over carceral sanctions, both in the United States (e.g., Bae, 1991, 2000; Doble, 1987; Doble and Klein, 1989; Knowles, 1987; Umbreit, 1994) and internationally (e.g., Boer and Sessar, 1989; Doob and Roberts, 1988; Galaway, 1994a, 1994b). A general gap in this literature concerns how the public views victim *compensation* provided through government programs, rather than as part of an offender's sentence, as a policy option. In this study, we provide evidence on whether the public supports taxpayer-funded victim compensation programs, and we test hypotheses that individuals should tend to be more supportive of a crime reduction policy that includes allotments for victim compensation by relying on assumptions of altruism and social preferences for fairness. A large body of research comprises evidence for altruism (seemingly non–utility-maximizing behavior that results in a benefit to another person). Yet, observed behavior nominally labeled as "altruism" may also stem from rational, self-benefiting considerations, or, what are generally recognized as *social preferences* (Charness and Rabin, 2002). It may be that public support for compensation programs is *not* driven by social preferences for fairness or a general willingness to benefit others, but instead could stem from perceptions that these policies will directly benefit them based on past experience or expectations for the future. These motivations are at odds, but they underscore a question at the core of many victim compensation programs—are these programs funded out of empathy and desire to insulate the victim from extended harm (e.g., Ministry of Justice, 2012: para. 149)? Or are victim compensation programs a form of public insurance against our "statistically determinable risk of victimization" (Miers, 2014: 155).

We attempt to unpack these conflicting motivations for supporting publicly funded victim compensation by using data from a nationally representative survey eliciting individuals' willingness to pay to reduce several types of white-collar crimes (financial fraud, consumer fraud, identity theft) in which multiple program options are offered and compared to evaluate general levels of support for publicly managed victim compensation programs. Furthermore, we consider whether preferences for victim compensation vary by certain attributes, including type of crime, situation of victim, individual victimization, and perceived risk of personal victimization. We also consider the degree to which, above and beyond these individual characteristics, public support is sensitive to the way in which information about victimization and policy packages are framed.

White-collar crime provides a unique framework for an initial study of this problem. Although there are varying definitions of what makes a crime "white-collar," nearly all focus on either crimes committed in the course of legitimate business by individuals or organizational actors (e.g., Shapiro, 1980; Simpson, 1986; Sutherland, 1949) or on nonviolent crimes with financial motives (e.g., Edelhertz, 1970; Weisburd, 1991). As a consequence, white-collar victimization is mostly thought to be financial in nature, although certainly not exclusively so (Cohen, 2015; Ganzini, McFarland, and Bloom, 1990; Geis, 1996; Piquero, Cohen, and Piquero, 2011; Sharp, Shreve-Neiger, Fremouw, Kane, and Hutton, 2004). Because this type of victimization usually generates demonstrable financial losses, our focus on white-collar crime offers a general test of public willingness to remediate the tangible financial losses of victimization at their own expense. Importantly, white-collar crime may also provide a particularly conservative test for victim compensation program support. Victims of corporate crime often face reproaches of "buyer beware," which suggests the public may be less willing to pay for losses thought to be "brought on oneself." Furthermore, the term "white-collar crime" often brings to mind images of elite, wealthy criminals (although this is very often not the case: see Weisburd, 1991) who might be expected to restore victims' losses themselves. These two features might suggest that if the public is willing to support compensation of white-collar crimes, they may demonstrate even greater support for other crime types. We explore this with another crime typically associated primarily with financial loss but not with the label of white-collar crime: burglary.

Why Might the Public Support Victim Compensation? The Role of Social Preferences

The idea that the general public would support compensation for white-collar crime victims is far from universally suggested in the literature. Multiple theoretical traditions support the idea that a victim is (at least in part) a contributor to his or her victimization, either through lifestyle choices (Cohen and Felson, 1979; Hindelang, Gottffredson, and Garofalo, 1978) or through a process of "logical" attribution (Lerner, 1980; Lerner and Miller, 1978). An implication is that others (i.e., the public) should *not* be responsible to redress their financial losses. Moreover, traditional rational choice theory assumes individuals act in a

self-interested manner and would seemingly suggest two complementary consequences. First, willingly contributing to others in the form of compensation payments would not register as utility-maximizing behavior to oneself. Second, and more importantly, any compensation paid to victims would seem to incentivize risky behavior or, at a minimum, fail to provide a disincentive for more proactively careful and protective behavior on the part of the victim. For example, in the white-collar crime context, individuals might view that compensation payments to victims of, say, identity theft or financial fraud might encourage risky online activities such as providing their credit card number or the pursuit of money-making schemes that prove to be fraudulent, with little worry about the consequences.

A great deal of empirical literature, however, comprises evidence that would lead us to expect widespread support for crime victim compensation policies, even at their own expense. Although different disciplinary traditions offer unique explanations for why individuals engage in prosocial behavior, there is broad agreement on its existence (see, e.g., Simpson and Willer, 2015). In addition, Charness and Rabin (2002) described the existence of *social preferences* that, even though they allow for individuals to be self-interested, also recognize individual concerns about the payoffs to others. The existence of social preferences, including preferences for establishing fairness and inequity aversion, and related prosocial behavior, have been the subject of substantial research in judgment and decision making and social psychology. This work has squarely challenged the standard interpretation of rational choice that individuals are purely motived by self-interest and not incentivized by social factors. For example, in summarizing early findings, Fehr and Schmidt (1999: 817) were unequivocal: "By now we have substantial evidence suggesting that fairness motives affect the behavior of many people."

Furthermore, both behavioral and experimental economists have studied altruistic behavior, characterizing motivation as part of an individual's internal utility function.[3] First, behavioral economists, who tend to be interested in foreseeable ways in which individual behavior deviates from the clear predictions of rational choice, have specifically theorized that individual self-interest must be checked from time to time to allow for interdependency with concerns like fairness. In other words, preferences might be conceptualized as being *part* of an individual's utility function. For instance, Kahneman, Knetsch, and Thaler (1986) argued that individuals have preferences for being treated fairly themselves and for being perceived as fair, thereby providing a direct incentive for treating others fairly. For example, the authors found that subjects perceived hardware stores raising prices on snow shovels after a storm to be unfair, despite that economic theory would predict a higher price in response to increased demand. More directly related to individuals' support for public compensation is a study on tax compliance by Andreoni, Erard, and Feinstein (1998), who found that

3. Here we do not wish to elaborate on the distinction between behavioral economics and experimental economics except to say that they are not the same thing. For an explanation about the distinction, see Loewenstein (1999).

the amount of tax evasion was related to individuals' perceived fairness of the sanctioning system. In other words, perceptions of fairness directly relate to individuals' willingness to pay (more) on their taxes; individuals are not willing to pay more for public goods when it is not seen as fair to the payer.

Findings from dictator and ultimatum (cooperation) game experiments reveal that individuals are willing to act "irrationally" (Engel, 2011; List, 2007).[4] They will forgo nominal personal benefit to the betterment of others (for example, the "dictator" who offers the responder anything more than 0%) or sacrifice a small benefit that is the result of an unfair process (e.g., the responder who rejects an "unfair" split in the ultimatum game). This preference for fairness in the dictator game has sometimes been interpreted as altruism (Andreoni, 1995; Camerer, 2003; Engel, 2011). Yet, the relationship between proposer and responder in traditional cooperation games may influence the amount given and the willingness to give anything at all, although perhaps in a surprising way; totally unknown respondents typically receive higher average takes than those who are closer to the proposer (Engel, 2011). This would seem to lend support to public preferences for victim compensation policy. We also note, however, that some evidence stands in contrast to our expected support for victim compensation policy. Engel (2011) also reported that if dictators are anonymous (as survey respondents are), they tend to give less money and are less likely to give anything at all. In addition, individuals are less willing to give others their *own* money than they are to give others a share of money that was given to them, which closely proxies the decision faced by taxpayers and participants in willingness-to-pay (WTP) studies. Yet, evidence of these situational differences is provided within a broader literature in which scholars have overwhelmingly suggested a preference for fairness even at personal expense.

Taken together, the results published in this literature suggest that although a strict interpretation of rational choice theory or intuiting public preferences from theories of victimization would suggest a *lack* of support for victim compensation policies, altruistic tendencies have been documented in many instances across disciplines. The weight of the

4. In the dictator game, a focal respondent (sometimes referred to as the "proposer") is given the opportunity to divide a sum of money between themselves and the other person. The purely rational decision is to maximize one's own benefit, dictating a 100%:0% split. The ultimatum game is similar to the dictator game, with the added ability of the responder to *reject* the offer of the proposer, in which case neither party receives anything. Although the dictator game can speak to the pure rationality of the proposer, the ultimatum game offers a glimpse into the rationality of *both* the proposer and the responder. The Nash equilibrium of the game results in an approximately 99%:1% split (assuming respondents are required to divide the sum in whole dollars and the sum is sufficiently large to allow such a division). The proposer wishes to have the most possible gain from the prize; however, he knows that a spiteful respondent would reject a 100%:0% split, leaving both with nothing gained. Yet, if he proposes a 99%:1% split, both would be better off than if they left with nothing. The responder, similarly, should accept any division greater than 0%, as again, "something is better than nothing." And still, respondents on both sides of the aisle seem to prefer fair outcomes, with proposers often offering substantially more than 1%, and responders rejecting offers of shares that are "too small."

evidence from numerous dictator and ultimatum games, in conjunction with evidence of collective goods being preferred even at an individual cost (Simpson and Willer, 2015), leads us to our first hypothesis:

Hypothesis 1: Individuals should prefer paying for crime reduction policy options that include allocation for victim compensation versus otherwise identical policy options that do not.

Selfless or Self-interest?

The observation that individuals tend to act in prosocial ways does not necessarily imply that individuals are inherently motivated strictly by concern for the greater public good. For instance, there is a belief that adherence to prosocial norms might lead others to "pay it forward." This belief is consistent with the concept of indirect reciprocity, where individuals believe that prosocial behavior in the short term might lead to benefits for themselves in the future (Panchanathan and Boyd, 2004; Simpson and Willer, 2008). In other words, individuals might favor contributing to compensation payments for white-collar victims if and only if they can envision themselves being a victim of white-collar crime in the future. In this vein, Fehr and Gintis (2007: 45) argued that for "virtually any real-life behavior, however deeply it appears driven by altruistic concerns . . . observed prosocial acts can almost invariably be attributed to the selfish." Thus, empirical studies of altruism have almost entirely been focused on disentangling "pure" altruism from rational self-interest. For instance, Andreoni (1990) laid out a rationale for why individuals might be incentivized to make public donations because it provides a positive emotional feeling to themselves, or a "warm glow," rather than actual concern for others' welfare (see also Crumpler and Grossman, 2008). Additionally, in a laboratory setting, Dana, Weber, and Kuang (2007) found that subjects were less likely to be generous to other players in the dictator game when experimentally induced with moral "wiggle room" to act more self-interestedly. The authors concluded that preferences for fairness were mainly driven by the desire to *appear* to be acting fair to others, which they described as an "illusory preference."[5]

5. It is also important to consider that individuals may be motivated to say they will contribute, not because they genuinely wish to benefit others but because they wish to benefit themselves via an increase in esteem. That people are willing to cooperate or act in prosocial ways such that it will ultimately enhance their reputation is a well-established concept in the contemporary study of social exchange (e.g., Diekmann, Jann, Przepiorka, and Wehrli, 2014; Fehr and Gintis, 2007; Feinberg, Willer, and Schultz, 2014). Milinski, Semmann, and Krambeck (2002) argued that concern with reputation maintenance is a key way around the problem of the "tragedy of the commons"—without the intrinsic value of reputation, people may be otherwise incentivized to freely participate in use of a public resource without contributing themselves. This suggests that there may be social desirability bias in people's reported willingness to pay for public programs. To the extent that the pressure to contribute is felt both in a survey and in the real world, this should not affect the generalizability of findings.

Isolating "pure" altruistic behavior has also drawn the interest of social psychologists, including Batson, Batson, Slingsby, and Harrell (1991), who found support for their "empathy-altruism" hypothesis, whereby helping others is driven by a desire to reduce the victim's suffering and increase their welfare (see also Batson et al., 1988). Conversely, Cialdini et al. (1987) argued for an egoistic motivation for altruistic behavior that is driven by the desire to reduce one's discomfort in seeing others' suffering. Although an effort to disentangle completely whether the roots of other-benefiting behavior are selfless ("pure" altruism) from more egoistic motivation is both difficult and beyond the scope of the current study, we can nonetheless consider the role of self-benefiting motivations in generating preferences for public compensation.[6] For example, Fehr and Schmidt (2004: 272) argued that people have preferences for equitable outcomes based on what they refer to as *self-centered inequity aversion*, in which "people do not care *per se* about inequity that exists among other people but are interested only in the fairness of their own material payoff relative to the payoff of others." The implication is that individuals who are more likely to envision themselves as potential victims, or who might be interested in providing coverage for themselves, are more likely to support policies for victim compensation.

If individuals are instead more motivated by self-centered inequity aversion, then they should be more likely to favor victim compensation in instances where they are reminded of their possible vulnerabilities:

Hypothesis 2a: Individuals with higher perceived risk of future victimization will be more likely to prefer policy options that include government supported payment for victim compensation.

Regardless of the self-benefit that respondents might expect to receive from compensation programs in the future, respondents may be motivated to contribute to policies with compensation programs by a greater concern for victims. For instance, Warr (1992) studied patterns of what he referred to as "altruistic fear" of victimization, or fear that one harbors for the safety of significant others or children. He noted that prior victimization was a predictor of altruistic fear among women in his sample. In other words, awareness of the consequences of victimization, or of increased vividness of experience, may promote a greater concern for victims. Such a concern may also be heightened in the event of more specific knowledge (but not direct experience) regarding victims or their circumstances. Jenni and Loewenstein (1997: 336) argued that "[i]dentifiable victims seem to produce a greater empathic response, accompanied by greater willingness to make personal sacrifices

6. Detecting "pure" altruism apart from self-motivated altruism is difficult. As Andreoni, Harbaugh, and Vesterlund (2008:1) put it, "how do we know altruism when we see it? The answer, unfortunately, is necessarily a negative one—we only know when we don't see it. Altruism is part of the behavior that you cannot capture with a specifically defined ulterior motive." Separating out these ulterior motives has been a focus of extensive laboratory experimentation.

to provide aid." One reason the authors put forth for this "identifiable victim effect" is *vividness* or a more concrete image of a potential victim as opposed to abstract statistics about victims in aggregate. Such concerns, regardless of whether they are driven by egoistic reasons for empathy or pure selflessness, lead to the prediction that individuals should be more willing to pay for compensation in the event that they are more attuned to the pain and suffering or the relative helplessness of the victim, especially in more vulnerable victim populations.

If preference for victim compensation is affected by greater concern for victims (regardless of motivation), it follows that individuals are influenced by the vividness of potential victims. When respondents are more acutely aware of the costs of victimization, or of particularly vulnerable victim groups, they should prefer policies that provide victim compensation.

Hypothesis 2b: Individuals with prior victimization experience will be more likely to prefer policy options that include government-supported payment for victim compensation

Hypothesis 2c: Individuals who are primed with information regarding vulnerable victim populations (i.e., older persons) will be more likely to prefer policy options that include government-supported payment for victim compensation.

When victims, however, may be seen as bearing partial responsibility for their victimization, such as instances when they could have taken self-protective measures to avoid being victimized, respondents may evidence *less* willingness to support public compensation. Evidence from dictator games indicates that proposers are more likely to give to "deserving recipients" (Engel, 2011).[7] The converse suggests that respondents should be less likely to demonstrate support for victim compensation when victims could have prevented victimization:

Hypothesis 2d: Individuals who are primed with information that victims could take steps to avoid victimization will be less likely to prefer policy options that include government-supported payment for victim compensation.

Measuring Public Opinion, Support, and Preferences for Criminal Justice Policies

Public opinion surveys have long been used to gauge the public's view of various social ills and potential policy solutions—with criminal justice policy recommendations being no

7. This finding is also consistent with those reported in a long-standing body of literature that reveal that we may, in part, blame victims for their victimization (e.g., Mendelsohn, 1940; Williams, 2015; Wolfgang, 1958). We would argue that the general tendency to be concerned about the welfare of others may be undermined in situations in which the victim is believed to be at fault. Such a perception may be latent and require "activation" by the introduction of new information.

exception (see, e.g., Cullen, Fisher, and Applegate, 2000; Hindelang, 1974; Maruna and King, 2004; Nagin, Piquero, Scott, and Steinberg, 2006; Roberts, 2004). There is growing recognition, however, that simply asking whether someone is in favor of a specific policy is unlikely to result in a well-reasoned response. For example, asking a unidirectional question on a survey may result in acquiescence bias (agreeing to almost everything they are asked) such that the public can simultaneously be said to be supportive of more severe punishment at the same time they support rehabilitation (Pickett and Baker, 2014; Thielo, Cullen, Cohen, and Chouhy, 2016). Such simplistic questions are not the realistic settings that policy makers face when confronted with fixed budgets and difficult choices among policy alternatives. Several approaches have been used to elicit more meaningful public preferences for alternative criminal justice policies. For example, Cohen, Rust, and Steen (2006) elicited the public's demand for police, prisons, rehabilitation, prevention, or a local tax rebate by asking respondents to allocate federal tax dollars to any or all of these programs, thus, explicitly requiring respondents to make these trade-offs, including the possibility that all of the money will go back into their pockets.

Measuring Preferences for Victim Compensation Through Willingness to Pay

An alternative approach asks respondents how much they would be willing to pay for a given crime reduction but randomizes the policy approach to achieve that crime reduction among respondents. One measurement approach, known as the contingent valuation (CV) method, is to elicit information directly on the public's WTP for reduced crime through carefully designed surveys. Specifically, this involves asking subjects to state the maximum they would be willing to pay, for instance, to reduce burglary by 50%.[8] This estimate can then be used to estimate the total cost of certain crimes, including social costs (see, e.g., Cohen, 2016; Cohen, Rust, Steen, and Tidd, 2004; Ludwig and Cook, 1999; Piquero et al., 2011). The CV methodology has been studied widely and is often used by economists to value such diverse amenities and disamenities as pollution, risk of cancer, national security, and protection of endangered species (e.g., Arrow et al., 1993). Within the realm of criminal justice policy, WTP has been used by Nagin et al. (2006) and Piquero and Steinberg (2010), who compare the public's demand for incarceration versus rehabilitation for juvenile offenders while holding constant the level of crime reduction. More recently, Picasso and Cohen (2017) compared the public's demand for two policy approaches to reduce crime (more police or more punishment) using a discrete choice experiment where respondents choose between varying combinations of tax payments, crime reductions, and policy programs (see also Carson and Louviere, 2017).

8. As such, these methods are typically referred to as "stated preference" methods. There are multiple ways to elicit WTP using the CV approach, most notably the "referendum" method, in which subjects are presented with an option (e.g., "would you be WTP $50 for a 25% reduction in burglary") and asked to vote yes or no. Depending on the response, the dollar amount in subsequent questions is altered to arrive at the final WTP.

Nonetheless, several prominent economists have been critical of this methodology for its ability to place direct monetary value on intrinsic public goods (e.g., Diamond and Hausman, 1994; Hausman, 2012). More recently, a special issue of *Criminology & Public Policy* devoted entirely to the topic of the costs of crime raises similar concerns about the utility of WTP estimates for cost–benefit analyses (Black, Solow, and Taylor, 2015; Manski, 2015), as well as articles in support (Dominiguez and Raphael, 2015; Welsh and Farrington, 2015). The present analysis circumvents this complicated and often contentious issue entirely, specifically by focusing on preferences for different policy alternatives rather than on direct valuation of these options. In drawing on principles from social psychology, Kahneman and Ritov (1994) proposed the alternative that an individual's stated WTP can be interpreted as reflective of one's attitude, as opposed to a direct measure of economic value. They went on to argue that under this interpretation, attitudes can be thought of as relative or as comparable to one another. Kahneman, Ritov, Jacowitz, and Grant (1993: 314, emphasis added) reinforced this point with empirical evidence: "Our main finding was that correlations between rankings of environmental issues by different response measures were high, suggesting that willingness to make a personal contribution of money [i.e., WTP], support for political action, and a simple rating of the importance of the problem are almost *interchangeable measures of the same attitude*."[9]

Here we follow a similar strategy, stressing that we are interested in *eliciting subjects' preferences for victim compensation*, as opposed to determining the direct dollar value the individual places on any one program. As such, rather than assume that WTP responses have a direct ratio interpretation, we make the weaker assumption that the responses have an ordinal interpretation. More specifically, if $WTP_A > WTP_B$, we conclude this means option A is preferred to option B, regardless of the magnitude of the difference between the two quantities.[10]

Framing Effects

It is possible that providing individuals with more or better information about problem context may be instrumental in defining their stated WTP (see e.g., Ariely, Loewenstein, and Prelec, 2003) and, by extension, their preferences for victim compensation. It is also possible that one's WTP depends on the nature of the victim in white-collar crime. For example, whether there is an identifiable victim as opposed to crimes that are absorbed by

9. Kahneman, Ritov, and Schkade (1999) described this process of stated WTP in dollar amounts generally reflecting attitudes as *affective valuation*.

10. For example, suppose that a subject states she is WTP $50 for program A (which includes compensation) and $10 for program B (the same policy and reduction but without compensation). Using our ordinal interpretation, we would only conclude that this individual prefers program A to B, or in other words, they are more willing to pay for the option of victim compensation. We do not need to make the stronger assumption that the individual values program A $40 more than (or 5 times as much as) program B, which would require us to place a ratio interpretation on the data.

society at large might raise considerations of fairness that could strongly affect one's stated WTP (Ajzen, Rosenthal, and Brown, 2000; Jenni and Loewenstein, 1997). Bowles and Polania-Reyes (2012) reviewed the results of multiple studies and find that framing, usually in the form of new information, can alter one's stated social preferences. Most notably, Nagin et al. (2006) reported evidence that public WTP for juvenile justice programs to reduce crime was higher when these programs were identified as rehabilitative as opposed to punitive.[11]

Therefore, as we describe below, in our elicitation procedure, we randomly assigned individuals to one of three conditions, two of which primed individuals with certain additional information: (1) a frame that sensitized respondents to self-protective measures that victims could take, (2) a frame that sensitized respondents to the fact that certain populations may be particularly vulnerable to victimization, or (3) no frame.

The Current Study

In this study, we directly assess the general public's attitudes toward support for a policy of taxpayer-supported victim compensation. By using data from a nationally representative survey, we elicit individual WTP for the reduction in three types of white-collar crimes (consumer fraud, financial fraud, and identity theft) and, for the purposes of comparison, one street crime (burglary). Here we are directly concerned with the comparison of an individual's WTP for a program linked to a certain amount of crime reduction that includes payments to victims versus a similar program that offered the same amount of crime reduction and policy mixture *without* victim compensation.

As we note, the survey was designed to provide respondents with certain random additional information for framing. This approach allowed us to test more nuanced hypotheses regarding motivation for preferences.

Method

Sample

These data were taken from a larger effort to study costs of white-collar crime using contingent valuation methodology. Data were collected via an online survey administered to a nationally representative sample of U.S. households through the professional research firm GfK. Respondents were recruited from the company's KnowledgePanel® sample, members of which participate in a variety of focus group and survey projects. GfK recruits individuals to be a part of the panel using address-based, probability sampling without replacement, rather than random-digit dialing, which has become less useful for generating geographically representative samples as the number of cellphone-only households has risen. To prevent the panel from being biased toward those with sufficient resources to afford Internet and

11. Furthermore, Sell and Wilson (1991) showed that individuals are willing to contribute more in public good games when provided with more information.

home computers, GfK provides Internet access and laptops as needed. Panel members are given access to no more than one survey per week to reduce the likelihood of fatigue,[12] and KnowledgePanels have been shown to produce comparable results to other national surveys using traditional methods of randomization.[13]

Our sample was identified through a stratified design to represent the U.S. population; however, Hispanics were oversampled as a result of a significantly higher risk of fraud victimization, with those who are non-native English speakers but are comfortable conducting business in English particularly at risk (Anderson, 2013). Eligible respondents were those who could complete the survey in either English or Spanish, were aged 18 or older, and were a resident of the United States. Panel members were identified as eligible to be in the sample and were notified by e-mail of the survey opportunity. The final survey data were solicited and collected between May 28 and June 14, 2015.[14] Individuals who did not respond to the initial survey invitation were reminded on the third, seventh, ninth, fourteenth, and sixteenth day to encourage maximum response. Our survey produced a response rate of 49.4% to 56.0%.[15]

The final sample mainly mirrors the U.S. population, with some exceptions. Slightly more than half of the respondents are female. Non-Hispanic Whites accounted for 62% of the sample, whereas 7% were non-Hispanic Black, and 24% are Hispanic.[16] On average, respondents were 49.44 years old. Nearly half (43.61%) of the sample had a high school education or less.[17]

Survey Instrument

The final survey comprised a vignette design with multiple randomized components. The full instrument with branching instruction is available by request from the authors.[18] The

12. Additional information is available at GfK (2012).

13. For example, in a study published in 2009, scholars found nearly identical results using an earlier version of KnowledgePanel and the National Health Interview Survey (Harris, Schonlau, and Lurie, 2009).

14. A pretest was also administered to a select group of respondents ($n = 26$) in focus groups from April 8 to April 10, 2015.

15. Our response rate varies slightly depending on which calculation is used. By using a traditional calculation of completed surveys (2,050) divided by the number of invitations sent out (3,675), we have a response rate of 56%. The AAPOR, however, recommends a more nuanced approach, which produces a response rate of 49.4% to 50.9%. The rate of 49.4% is produced when using the most conservative definition of partial interviews (i.e., the highest rate of nonresponse for any single willingness to pay item), whereas the rate of 50.9% relies on a less stringent definition of partial interviews (i.e., the highest rate of nonresponse across crime types for *all* policy options).

16. 4% of respondents were other race non-Hispanic and 3% reported being mixed-race non-Hispanic.

17. As part of our funding agreement, all of the data will be made publicly available. All of our code and analysis is available by request from the lead author.

18. Prior to the main data collection, we conducted multiple focus groups to pilot the instrument, paying particular attention to the groups' responses to the WTP questions. We incorporated changes into the instrument based on the experience with these respondents.

first screen of the instrument introduced the study, including a description of the crimes of interest and the types of programs that respondents would be asked to consider in their WTP responses. All respondents were first presented with the following information:

> For each type of crime, we will be asking you questions about how much you would be willing to pay for programs to reduce the number of victimizations or the harm caused by the crime. We will be focusing on three different programs:
>
> 1. Victims would get full payment for their out-of-pocket losses from the crime.
> 2. Deterrence/Punishment—more police and longer prison sentences to ensure that more offenders are caught and punished severely for their crime.
> 3. Teach potential victims about these crimes so they can avoid being a victim.
>
> All of these programs require additional money to implement and would require either raising taxes or reducing other government services. We want you to think about the proposed programs and assume that these programs have been shown to work and will reduce crime. We also want you to answer each question as if you actually would have to pay the amount you enter in the survey.

Some respondents received additional information in the form of frames. These frames were designed to orient respondents to think about the victimization discussed in particular ways. Recently, researchers have found that the way in which policies are framed can dramatically affect public support for crime policy; Gottlieb (2017) found that framing reform policies around social issues of unfairness or cost were more likely to be supported than were those focusing on offenders' character.

The sample was evenly randomly assigned to experience no frame, a self-protection frame, and a vulnerable victim frame at the beginning of the survey that included the following language:

> *Self-Protection*: "There are certain steps that individuals might take to protect themselves against these crimes. For example, to reduce the risk of burglary, they might purchase burglar alarms or install better lighting. To reduce the risk of identity theft, they might frequently change their passwords or choose not to purchase goods online. All of these steps that people take to protect themselves involve spending time and money."
> *Vulnerable Victims*: "Certain vulnerable populations are at higher risk of becoming victimized. Depending upon the type of crime, vulnerable victims might include senior citizens and individuals who are in some type of financial distress."

FIGURE 1

Distribution of Policy Mixtures and Crime Reduction Across Programs

	Program I	Program II	Program III	Program IV	Program V	Program VI
Level of Crime Reduction	50%*	50%	25%	25%	25%	25%
Program Features:	• Victim compensation • Police and Sentencing Enhancements • Education	• Police and Sentencing Enhancements • Education	• Victim compensation • Police and Sentencing Enhancements	• Victim compensation • Education	• Police and Sentencing Enhancements	• Education

* Respondents were also randomized into their initial level of program crime reduction.70% of the sample received crime reductions as reported. The remaining 30% of respondents received crime reduction conditions of 25% for Programs I and II and a 10% reduction for programs III–VI

Next, respondents received four WTP scenarios, one relating to each of financial fraud, consumer fraud, identity theft, and burglary. The order in which these crimes were presented to each respondent was randomly assigned. For each of the four crime types, respondents were provided a brief description of the crime, as well as the annual incidence and average out-of-pocket loss from a victimization, and other examples of victim harm (see Appendix). For each crime type, subjects were asked to consider crime reduction programs that included various combinations of three policy components: victim payment for losses (compensation; C), more police and longer prison sentences (deterrence; D), and education of potential victims (education; E). We presented different combinations of these three policies. Respondents were then directed to indicate the maximum that they would be willing to pay annually on behalf of their households for each program if that option was adopted.[19]

Six programs were considered for each crime type; they are provided in Figure 1. The programs vary in their dedication of funds toward particular policies (compensation, deterrence, and education), as well as in the level of crime reduction provided. Participants were randomly assigned to one of two crime reduction conditions: (1) "high" crime reduction, which involved a 50% reduction for options I and II and a 25% reduction for options III–VI, or (2) "lower" crime reduction, which involved a 25% reduction for options I and II and a 10% reduction for III–VI. The intention of this was to test to make sure that, between subjects, individuals were willing to pay more, on average, for the higher amount of crime reduction and is consistent with CV survey design (i.e., a test of "scope"). The "high" crime reduction condition was randomly assigned to 70% of the sample, whereas 30% of

19. An ex-ante correction for hypothetical bias was also included for each crime type: "Remember that any money you agree to spend on crime prevention is your money that could otherwise be used for your own household's food, clothing, or whatever you need. When estimating how much you'd pay, we want you to think about actually taking more money out of your pocket."

the sample was assigned the "lower" crime reduction condition.[20] All respondents provided estimates for programs I (which included a large crime reduction and all three options, CDE) and II (which included the same amount of crime reduction but no compensation, DE). For each crime type, however, the sample was randomized so that half of the respondents were assigned to provide WTP estimates for program III and half to program VI; similarly, 50% of the sample was assigned to answer program IV and 50% for program V. Thus, each respondent only provided WTP estimates for *four* program options, with four possible combinations of programs. This was done to reduce the cognitive burden of the survey, which asked respondents to make estimates of their willingness to pay for multiple policies across each of the four crime types.[21] Next, respondents were asked to provide a justification for the highest amount they reported being willing to pay in an open-ended question. Finally, respondents were asked to indicate their certainty in their responses for the collective set of WTP estimates for a particular crime type.[22]

In addition to the WTP estimates, respondents were also asked to provide the perceived risk of, and actual victimization experience for, themselves or a household member for each crime type. We also collected data on political ideology, recent experience with consumer rating agencies or financial transactions related to the crimes discussed, and criminal involvement of respondents. Summary measures for key sample attributes are reported in Table 1. The key variable of interest is the "value of compensation" for each crime type, which is the difference in an individual's willingness to pay for program I and program II. Individuals can be said to prefer compensation (C) if this difference is a positive number (i.e., they are willing to pay more for a package with compensation than without); similarly, they are said to prefer no compensation (C) if this difference is negative, or to have no preference if they are willing to pay the same for either. Because individuals' willingness to pay is significantly positively skewed, these difference measures exacerbate skew, resulting in large standard deviations and, in the case of consumer fraud and identity theft, negative mean valuations of compensation (not shown). This is driven by a small group of individuals who both report high WTP (e.g., 33,000; 99,999) but also negatively value compensation.

20. This split was devised based on the power necessary to determine whether people are willing to pay more for higher levels of crime reduction, which is an important part of validating cost of crime numbers. This test for sensitivity to so-called "scope" (Diamond and Hausman, 1994), however, is unimportant in the current analysis, given that we are not directly interpreting the magnitude of the WTP estimates.

21. Note that there is no program that asks respondents to report their willingness to pay for compensation only. This is because the primary purpose of the survey was to elicit a respondent's willingness to pay for *crime reduction*. Compensation of victims is not expected to reduce crime, and thus, it was not included in isolation. Instead, we infer the value of compensation through comparing pairs of programs that differ only in their inclusion or exclusion of compensation.

22. At this point in the survey, respondents whose answers appeared to display "irrational" preferences (i.e., who were willing to pay more for a program that delivered less in either crime reduction or program benefits) were prompted to explain their responses in open-ended forms.

TABLE 1

Sample Descriptive Statistics

N = 2,050		MEAN	SD	% MISS
PREFER COMPENSATION	financial fraud	0.35	–	12.1%
	consumer fraud	0.34	–	11.9%
	identity theft	0.39	–	12.0%
	burglary	0.35	–	12.3%
PREFER NO COMPENSATION	financial fraud	0.07	–	12.1%
	consumer fraud	0.08	–	11.9%
	identity theft	0.07	–	12.0%
	burglary	0.09	–	12.3%
FRAMING	self-protection	0.33	–	0%
	vulnerable victim	0.35	–	0%
	no frame	0.32	–	0%
RACE	White	0.62	–	0%
	Black	0.07	–	0%
	Hispanic	0.24	–	0%
	other	0.04	–	0%
SEX	male	0.49	–	0%
EDUCATION	< HS	0.15	–	0%
	HS diploma	0.29	–	0%
	some college	0.29	–	0%
	BS or higher	0.28	–	0%
POLITICS	conservative	0.31	–	0%
	moderate	0.46	–	0%
	liberal	0.19	–	0%
MARITAL STATUS	married or cohabitating	0.65	–	0%
	divorced or separated	0.10	–	0%
	never married	0.19	–	0%
EMPLOYMENT	employed	0.54	–	0%
	unemployed	0.25	–	0%
	retired	0.20	–	0%
HOME STATUS	home owner	0.69	–	0%
	renter	0.27	–	0%
PRIOR VICTIM	consumer fraud	0.15	–	1.56%
	financial fraud	0.16	–	1.56%
	identity theft	0.22	–	1.60%
	burglary	0.34	–	1.60%
HIGH RISK OF FUTURE VICTIMIZATION	consumer fraud	0.09	–	2.24%
	financial fraud	0.09	–	2.14%
	identity theft	0.12	–	2.49%
	burglary	0.10	–	2.24%
INCOME	lower 25th percentile	0.26	–	0%
	< median	0.52	–	0%
	upper 25th percentile	0.25	–	0%
AGE		49.44	17.34	0%

This skew is related to our analytical approach, which we will discuss shortly. We transformed these ratio-level values into categorical indicators of preference for compensation and preferences for no compensation. Those who neither prefer compensation nor prefer not to have compensation are indifferent.

Analysis

Rather than assume a ratio interpretation of WTP, we assume a more conservative, ordinal interpretation; that is, if $WTP_A > WTP_B$, we conclude program A is preferred to B.[23] We make no assumptions about the intensity of preferences, which would require a more literal, ratio interpretation of the WTP responses. As such, all analysis is thus done using rank-based, nonparametric tests. We will be primarily concerned with the distributions (i.e., medians) of responses as opposed to the mean values of WTP. Treating WTP as ordinal requires us to compare pairs of programs; that is, responses for programs that have compensation policy included are juxtaposed to responses to programs that are otherwise similar but do not contain compensation. The difference between these values and distributions implies the value of compensation to respondents. There is considerable prior justification for using rank-based tests in WTP analyses (e.g., Kahneman and Knetsch, 1992; Kahneman et al., 1999).[24]

We consider both within-subjects and between-subjects comparisons (Charness, Gneezy, and Kuhn, 2012). For within-subjects comparisons, we use a Wilcoxon signed-rank test (Wilcoxon, 1945). The signed rank test approximates a traditional dependent samples *t* test but does not rely on the assumption that the difference is normally distributed and uses the median instead of the mean. We considered three sets of program comparisons in which individuals revealed WTP for two options, each of which included the same amount of crime reduction and identical policy options, except that one included victim compensation and the other did not. The first set included a 50% crime reduction as well as both deterrence and education, making the comparison CDE versus DE. The second and third sets of programs included a 25% crime reduction but included only one policy of either education or deterrence, that is, CD versus D and CE versus E.

For between-subjects comparisons, we use a Kruskal–Wallis test. The Kruskal–Wallis test is essentially an analysis of variance that does not rest on the assumption of normally distributed scores (Kruskal and Wallis, 1952). The null hypothesis of this nonparametric test is that the distribution of rankings within groups is the same and uses a χ^2 test. In these comparisons, we test whether WTP for crime reduction varies between individuals depending on the framing. Furthermore, we also conduct a set of tests using two stratifying

23. We also ran our models removing cases with WTPs of "$0" for all programs—the substantive conclusions are unchanged.

24. This also means that there is no need to present any summary measures (e.g., means and standard deviations) of WTP responses, as we do not place any ratio interpretation on the data.

variables: (1) victim history and (2) high perceived victimization risk (i.e., those individuals who estimated their risk for the specified offense or those of their household members to be either somewhat or very likely to be a victim in the future).[25] Finally, we briefly consider which factors are predictive of individual preferences for compensation.

Results

First, we consider a series of within-subjects comparisons. In these sets of comparisons, we test whether individuals' WTP for crime reduction options that include compensation is greater than their WTP for the same amount of crime reduction when compensation is not included. Table 2 describes the distributions of stated WTP. For each of the four crime type scenarios, respondents' WTP followed a distribution characterized by a high number of zero responses and extreme rightward skew, with a very small number of very high and likely implausible values, which is highly typical of studies of CV (Mitchell and Carson, 1989: 267–276).[26] For this reason, Table 2 reports the 75th percentile rather than the median.

Both within and across crime type, programs that included compensation had higher WTP values than did similar programs without compensation options (e.g., CD vs. D) in all but one case. This is suggestive for our first hypothesis, but it requires more formal testing. For each test related to hypothesis 1, the null hypothesis is H_0: Med WTP(C) = Med WTP($\bar{C}$), where C and $\bar{C}$ denote policies with and without victim compensation, respectively. Substantively, retaining this null hypothesis would imply that there was no evidence to indicate that attitudes for paying for crime reduction that included victim compensation was different than paying for similar reduction that did not. We are specifically interested in testing the alternative hypothesis H_a: Med WTP(C) > Med WTP($\bar{C}$), which would indicate that WTP was higher, on average, for victim compensation options.

Table 3 reports results for a series of nonparametric Wilcoxon signed rank tests; in this case, respondents were asked their WTP for each of the two options, one with victim compensation and one without. In every case, we can comfortably reject the null hypothesis that the median willingness to pay for programs is equal across policies and can conclude that the distribution of WTP is different. To conclude that the median valuations are *higher* (i.e., shifted to the right) for all options involving victim compensation, we return to the descriptive statistics in Table 2. As noted, for three out of four crime types, the

25. Because our hypotheses are directional, but our tests for both within- and between-subject variance are two-directional, we use these as conservative estimates of significant distributional differences, and we confirm the directionality of the difference using descriptive statistics.

26. As a result, we also considered a looser definition of indifference by identifying cases in which $WTP_A - WTP_B \leq |5|$. We strongly caution against relying on these results, however, as these small differences in WTP may reflect true ordinal preferences and may reflect income constraints. Results are available by request, but do not suggest substantive differences.

TABLE 2

WTP Summary Measures by Option (in $)

Variable		75th Percentile	*N*	Missing	%
Financial Fraud	CDE	$50	1,871	8.73%	
	DE	20	1,819	11.26%	
	CD	10	903	11.21%	
	D	1	885	12.20%	
	CE	10	921	11.60%	
	E	0	907	12.19%	
	Prefer C[a]				34.79%
	Prefer C [b]				7.44%
Consumer Fraud	CDE	$50	1,875	8.53%	
	DE	20	1,819	11.26%	
	CD	14	903	11.64%	
	D	5	946	11.01%	
	CE	10	861	12.77%	
	E	3	904	12.06%	
	Prefer C[a]				33.81%
	Prefer C [b]				8.52%
Identity Theft	CDE	$10	1,873	8.63%	
	DE	25	1,819	11.26%	
	CD	15	905	12.81%	
	D	5	908	11.41%	
	CE	15	899	12.29%	
	E	5	901	10.97%	
	Prefer C[a]				39.08%
	Prefer C [b]				6.76%
Burglary	CDE	$50	1,871	8.73%	
	DE	25	1,871	11.37%	
	CD	20	959	10.54%	
	D	10	861	11.42%	
	CE	10	946	12.24%	
	E	3	845	13.60%	
	Prefer C[a]				35.45%
	Prefer C [b]				8.51%

Note. C = compensation; D = deterrence; E = education.
[a]$WTP_{CDE} > WTP_{DE}$
[b]$WTP_{CDE} < WTP_{DE}$

75th percentile (CDE) is greater than the 75th percentile for (DE). Similarly, the 75th percentile for programs III (CD) and IV (CE) are higher than the 75th percentile for programs V (D) and VI (E), respectively. Because the significance for the Wilcoxon test is

TABLE 3

Wilcoxon Signed Rank Test of WTP for Options With and Without Victim Compensation

Variable		Program I vs. II (CDE vs. DE)	Program III vs. V (CD vs. D)	Program IV vs.VI (CE vs. E)
Financial	*z* score	17.89	5.45	7.05
Fraud	*p* value	<.001	<.001	<.001
	n =	1,802	441	459
Consumer	*z* score	16.64	6.56	5.44
Fraud	*p* value	<.001	<.001	<.001
	n =	1,807	475	432
Identity	*z* score	20.11	5.79	6.84
Theft	*p* value	<.001	<.001	<.001
	n =	1,804	460	449
Burglary	*z* score	17.44	5.35	7.23
	p value	<.001	<.001	<.001
	n =	1,797	455	445

Note. C = compensation; D = deterrence; E = education.

two tailed, this is a more conservative test of our hypothesis.[27] Our results suggest strong support for our first hypothesis of public support for victim compensation.

We tested the remaining hypotheses using between-subjects comparisons; that is, *the same program* was compared across individuals with various characteristics or experimental survey conditions. For each test here, the null hypothesis is that the distributions of WTP given some characteristic and WTP given without characteristic are the same versus the alternative that the distributions are different. These tests allow us to determine whether people with certain characteristics report WTP that is higher than others. This is a similar approach to that taken to test H1, but instead it disaggregates the distribution of each program across groups.

The results from our tests of H2a–d are reported in Table 4. We focus these tests on program I (which includes compensation, C) and program II (which does not, C) because all individuals in the sample received the opportunity to report their WTP for these programs. Given that individuals evidence a preference to pay more money for crime reduction programs that include victim compensation, we posited that one reason individuals might prefer compensation is because they are motivated by self-centered inequity aversion. Accordingly, Hypothesis 2a predicted that individuals with a high perceived risk of future victimization would evidence differently distributed (higher median) WTP than individuals

27. Also, note that we have less power in the Deterrence/Education only comparison because only one-fourth of the sample were asked each, hence, the lower *z* scores.

TABLE 4

Kruskal–Wallis Between Subjects Tests[a] (75th Percentile Shown, Reported in Dollars)

Variable	Financial Fraud	Consumer Fraud	Identity Theft	Burglary
H2a[b]				
High Risk	55	100	100	100
Other	50	50	60	50
χ^2	1.44	8.90**	6.32*	10.47**
$n =$	1,857	1,858	1,855	1,858
H2b[b]				
Prior Vic	75	100	100	100
None	50	50	50	50
χ^2	8.19**	28.08***	8.45**	6.39*
$n =$	1,859	1,865	1,859	1,860
H2c (C)[b]				
Vulnerable Victim	50	50	75	50
No Frame	50	50	50	50
χ^2	0.50	0.43	0.63	0.87
$n =$	1,260	1,265	1,261	1,256
H2c (C')[c]				
Vulnerable Victim	20	20	20	25
No Frame	15	20	25	25
χ^2	0.69	0.15	6.53*	1.03
$n =$	1,220	1,228	1,225	1,216
H2d (C)[b]				
Proactive Victim	50	50	100	75
No Frame	50	50	50	50
χ^2	3.11	4.33*	7.81**	4.36*
$n =$	1,214	1,220	1,213	1,216
H2d (C')[c]				
Proactive Victim	20	25	30	30
No Frame	15	20	25	25
χ^2	0.87	1.25	0.94	0.03
$n =$	1,184	1,186	1,181	1,183

Notes. "C" tested with Program I. "C'" tested with Program II. All chi-square values reported have 1 degree of freedom and reflect the value with ties.

[a]Numbers shown in table reflect 75th percentile of distributions

[b]Results generated from between-subjects tests using WTP for Program I. Significance within-crime type, across risk category distributions.

[c]Results generated from between-subjects tests using WTP for Program II. Significance within-crime type, across risk category distributions.

*$p < .05$. **$p < .01$. ***$p < .001$.

who do not see themselves as likely beneficiaries.[28] This hypothesis is partially supported, with three of four crime types evidencing a significant difference in the distribution of WTP(C) for individuals who do or do not see themselves as probable future victims; the only crime type for which this is not observed is financial fraud. To determine whether the distributions are shifted to the right (i.e., higher for individuals who see themselves as potential victims), we compare the 75th percentiles of the distributions, also reported in Table 4. For consumer fraud, the 75th percentile for the distribution of respondents' WTP for Program I is $100 for those who consider themselves to be high risk and $50 for those who do not. The results of the Kruskal–Wallis test, in conjunction with these descriptives, offer support for Hypothesis 2a.

It is also possible, however, that individuals may be motivated to pay for victim compensation because they empathize with victims and wish to reduce the harms of criminal victimization. If this is the case, respondents should be influenced by the vividness of victims (H2b, H2c). We explored this possibility by comparing (1) the distributions of individuals who had experienced victimization of this type compared to those who had not[29] and (2) the distributions of individuals who were primed to consider particular vulnerable victim populations before recording their answers. Again in Table 4 we see that H2b receives strong support across all four crime types, with significantly different distributions. Individuals with prior victimization show a right-shifted distribution of willingness to pay for compensation programs compared with respondents who do not have victimization experience; for example, the 75th percentile WTP for those who have previously been victims of identity theft is $100 for program I versus the 75th percentile of who have not been victims of consumer fraud evidencing a WTP of $50.

We also posited in H2c, however, that respondents motivated by victim vividness framing should also prompt a rightward shift of the WTP distribution. Recall that victim vividness framing sensitizes respondents to vulnerable populations such as older persons. Yet, in this case, we see no support for the hypothesis. In programs both with (program I, C) and without victim compensation (program II, C), there is little difference between the distributions of respondents who received the frame versus respondents who did not receive any frame. In the only comparison with a significantly different distribution, the results are contrary to the expected direction. In sum, the results are wholly unsupportive of H2c, and they offer only mixed support for the motivation of victim vividness.

28. Perceived risk of victimization risk was elicited using a five-point Likert scale ranging from "highly unlikely" to "highly likely" the respondent would be victimized in the future. Those who identified themselves as "likely" or "highly likely" are considered high risk in this analysis, and those who identified otherwise are not.

29. We note that reported rates of victimization in this sample are somewhat higher for certain crimes than official victimization rates would suggest. This may reflect an underreporting of certain crimes, particularly consumer and financial fraud, in official statistics. Alternatively, it may also be due in part to the way in which we chose to oversample certain groups.

Our final exploration of respondent motivation underlying support for victim compensation programs, H2d, considered the effect of an alternative frame, that victims could avoid victimization by being proactive. We observe significant differences between those who are primed with this proactive victim frame versus no priming for three of four crime types when victim compensation is included, yet no differences at all for options where victim compensation is not included. For example, the 75th percentile for Identity Theft (C) is $100 when victims are primed compared with $50 when they are not; however, there is no significant difference in the distributions of WTP across framing conditions when compensation is not included ($30 and $25, respectively). In other words, additional information about the victim does not affect monetary support for prevention or deterrence policies. Framing the prompt with additional information about the victim, however, does affect monetary support for compensation programs, which would directly affect the vivid victim. Yet, although the distributions are significantly different, they evidence *right-*, as opposed to *left-*, ward shift. This directionality is inconsistent with H2d, which predicted that the proactive frame would make respondents assign more responsibility to victims for their victimization.

What Differentiates Between Preferences?

These results reveal strong evidence that, on average, individuals are willing to pay more for victim compensation. Concluding the analysis at this point, however, would fail to acknowledge potentially important individual factors that may predict support, nonsupport, or ambivalence toward policies with victim compensation. Three discrete categories of preferences are possible for each individual for each of the four crime types, which may be revealed in our data: (1) $WTP_C > WTP_{C'}$, an individual prefers the option with compensation (C); (2) $WTP_C < WTP_{C'}$, a preference for an option with no compensation (C′); and (3) $WTP_C = WTP_C$ indifference between the two options. We next explore which factors predict why certain individuals are not in favor of victim compensation by attempting to differentiate between these pairwise categorical comparisons.

Tables 5 and 6 report odds ratios derived from a series of multinomial logistic regression models. The coefficients reported are from multinomial regressions that include only the focal variable and income (quartile) so as to study the basic associations and create a profile of predictive factors.[30] Two key findings emerge from this set of results. First, very few predictors can consistently distinguish between those individuals with preferences for victim compensation (C) from those who have preferences against C (C′). The odds of

30. We also considered a full multivariate model for each crime type; tables available by request. We opted to show these simpler models because including all potentially relevant regressors at once would likely overpower the three-category model, especially with uneven distribution of responses across C, C′, and indifference.

TABLE 5

Multinomial Logit Odds Ratios to Differentiate Between Preferences for Compensation, No Compensation, or Indifference (Financial Fraud and Consumer Fraud), Controlling for Income

	Financial Fraud			Consumer Fraud		
	$n = 1{,}802$			$n = 1{,}807$		
Variable	Relative to Indif.		Relative to C′	Relative to Indif.		Relative to C′
	C	C	C	C	C	C
White	1.10	0.98	0.89	1.57*	1.15	0.73
Black	1.30	0.97	0.75	0.54	0.92	1.71
Hispanic	0.48*	0.87	1.80†	0.44**	0.85	1.93*
other	2.87**	2.07**	0.72	2.00†	1.12	0.56
male	1.22	0.95	0.78	1.21	1.04	0.86
<HS	0.66	0.69*	1.04	0.67	0.67*	0.99
HS diploma	0.64†	0.72**	1.12	0.55**	0.81†	1.46
some college	1.03	1.42**	1.38	1.26	1.38**	1.10
BS or higher	1.84**	1.17	0.64*	1.62*	1.09	0.67+
conservative	0.59*	0.83†	1.42	0.75	0.86	1.14
moderate	1.25	0.99	0.79	1.18	1.10	0.93
liberal	1.44	1.36*	0.95	1.15	1.09	0.95
married or cohabitating	0.78	0.93	1.20	0.94	1.04	1.10
divorced or separated	0.97	0.94	0.97	0.77	0.98	1.28
never married	1.25	1.14	0.91	1.28	1.05	0.82
employed	0.97	1.18	1.22	0.79	0.97	1.24
unemployed	0.91	0.77*	0.85	1.11	0.92	0.83
retired	1.16	1.02	0.88	1.26	1.13	0.89
home owner	1.13	1.01	0.89	1.00	1.12	1.12
renter	0.93	1.00	1.08	0.93	0.87	0.93
Income[a]						
<$30,000	0.56*	0.60**	1.07	0.58*	0.63***	1.09
<$60,000	0.42**	0.60**	1.44†	0.43***	0.60***	1.40†
>$100,000	1.68**	1.36**	0.81	1.94***	1.47***	0.76
Age						
less than 30	0.80	1.12	1.41	1.01	1.23	1.22
less than 40	0.81	1.12	1.38	0.87	1.10	1.27
less than 50	0.85	1.01	1.18	0.86	0.93	1.08
less than 60	0.93	0.99	1.06	0.86	0.87	1.01
Framing						
self-protection	0.78	1.09	1.39	0.80	1.09	1.36
vulnerable victim	0.84	1.01	1.20	1.06	1.02	0.97
no frame	1.48*	0.90	0.61*	1.16	0.89	0.77

[a]Does not include quartile controls.

†$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

TABLE 6

Multinomial Logit Odds Ratios to Differentiate Between Preferences for Compensation, No Compensation, or Indifference (Identity Theft and Burglary), Controlling for Income

	Identity Theft			Burglary		
	n = 1,804			*n* = 1,797		
Variable	Relative to Indif.		Relative to C′	Relative to Indif.		Relative to C′
	C	C	C	C	C	C
White	1.48†	1.28*	0.87	1.48†	1.14	0.77
Black	0.54	0.78	1.46	0.94	1.15	1.22
Hispanic	0.61†	0.70**	1.14	0.40**	0.82	2.03*
other	2.14†	1.85*	0.87	1.85	1.38	0.74
male	1.44†	0.92	0.64*	1.28	1.04	0.82
<HS	1.19	0.73*	0.61	0.50*	0.77†	1.52
HS diploma	0.24***	0.78*	3.19***	0.48**	0.82†	1.69*
some college	1.41†	1.20†	0.85	1.27	1.05	0.83
BS or higher	1.74*	1.30*	0.75	1.89***	1.40**	0.74
conservative	1.05	0.96	0.91	0.64*	0.87	1.36
moderate	1.00	0.92	0.93	1.43*	1.09	0.76
liberal	0.84	1.24†	1.48	1.00	1.09	1.09
married or cohabitating	1.09	0.98	0.90	1.00	0.97	0.96
divorced or separated	1.06	0.87	0.81	0.65	1.00	1.54
never married	0.95	1.09	1.14	1.30	1.15	0.88
employed	1.06	1.03	0.97	1.16	1.11	0.95
unemployed	0.91	0.82	0.90	0.69	0.90	1.31
retired	1.02	1.17	1.14	1.13	0.96	0.85
home owner	0.85	1.15	1.36	0.92	1.09	1.18
renter	1.26	0.91	0.72	1.15	0.97	0.85
Income						
<$30,000	0.54*	0.57**	1.06	0.35***	0.70**	2.00**
<$60,000	0.41**	0.58**	1.42†	0.43***	0.67***	1.58*
>$100,000	2.05**	1.49**	0.73	2.10***	1.39**	0.66*
Age						
less than 30	0.45*	1.11	2.45**	0.92	1.40*	1.52†
less than 40	0.69†	1.02	1.48†	0.82	1.20†	1.46†
less than 50	0.77	0.93	1.20	0.92	1.19†	1.30
less than 60	1.26	1.03	0.82	0.96	1.13	1.18
Framing						
self-protection	1.04	1.22†	1.18	0.85	1.22†	1.43
vulnerable victim	0.60*	0.97	1.61*	0.77	0.93	1.22
no frame	1.52*	0.84	0.55**	1.49*	0.87	0.59**

†$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

preferring C to C , however, are generally larger for Hispanic individuals, indicating a stronger preference for victim compensation. This result is consistent across all crime types and at least marginally significant for three out of four crime types. Although the odds of preferring C relative to C decrease for whites and other races, these associations generally do not reach statistical significance. Level of education tends to differentiate between preferences for C and C , even though the strength of this relationship is somewhat reduced by the inclusion of income (results available by request). That is, the odds of preferring C relative to C tend to increase for those with less education (having completed only their high school diploma or GED). Conversely, the odds of preferring C relative to C decrease uniformly across all crime types for those with a college degree or higher, even though, again, this relationship is not significant for identity theft or burglary. Being male tended to decrease the odds of preferring C relative to C , although this association was only significant for identity theft. We observed no consistent differences between favoring C relative to C based on political orientation, employment status, or home ownership. Receiving no frame, as opposed to either the vulnerable victim or the self-protection frame, was associated with a decrease in the odds of preferring C compared with C ; another way of saying this is that any frame was associated with an increase in the odds of preferring C to C . The frames, however, were not significantly different from each other, and this relationship did not hold for consumer fraud.

Second, in contrast to the general lack of factors capable of differentiating between C and C , there were multiple factors that differentiated preferences for both C and C from being indifferent, most notably, income and education levels. Specifically, the odds of preferring either C or C relative to being indifferent strictly decreased for those individuals falling in the lower income ranges (i.e., earning less than $60K). These associations were all statistically significant. Alternatively, the odds of preferring either C or C relative to being indifferent strictly increased across crime types for those having a higher income. This same pattern is reflected in educational attainment, with those individuals who have no college education consistently less likely to prefer either the C or C options, whereas the opposite pattern emerged for those with higher education. This pattern of results, which may be related to income, are an inherent problem with WTP measures, where the amount individuals may be willing to pay is in fact constrained by what they can afford to pay. For instance, many individuals who in fact prefer one program over another but cannot contribute more money than their valuation of the other will be classified as indifferent, reporting $WTP_A = WTP_B$ or $WTP_A = WTP_B = 0$.[31]

31. We are clear to note that there is likely a difference between individuals who are constrained by income and thus unable to contribute for any option versus those individuals who are merely unwilling to contribute. In the case of the former, these individuals might prefer C to C' but we would not be able to detect this preference, whereas in the latter case, the individuals are indifferent.

On its face, this may seem to be a limitation of our measurement strategy because we cannot accurately measure preferences for individuals constrained at WTP = 0.[32] These results, however, seem to imply that if anything our measurement strategy is perhaps too conservative in detecting preferences for victim compensation. Specifically, both lower levels of income and education are more associated with indifference, which in many cases may be WTP = 0 for any option. These same factors tend to also be associated with a preference toward C. In other words, if we could more accurately measure preference for these constrained individuals, then we might find stronger support for our hypothesis that victims prefer programs with compensation than we already do.

Discussion and Implications

Court-ordered restitution and government-sponsored victim compensation programs currently provide violent crime victims with reimbursement for only a small fraction of their monetary losses. In some cases, victimization—whether violent crime, property crime, or white-collar crime—can result in devastating financial consequences (prompting, or in conjunction with, health and mental health impacts). Yet, state compensation funds cover only certain crimes, limited types of losses, and generally have low maximum payments that do not come close to reimbursing for catastrophic losses (Evans, 2014; Greer, 1994). Moreover, many victims of crime are unaware of these programs (Sims, Yost, and Abbot, 2005), so expanded knowledge would only exacerbate the need for more funding.[33] Officials at the state, local, and federal levels have noted the need for increased victim compensation funding beyond current levels.[34] Currently, victim compensation funds are supported by fines and other payments by offenders (including corporate wrongdoers) but not by taxpayers. Although victim advocacy organizations have called for federal tax revenue to augment these funds (National Center for Victims of Crime, 2004), to date, we are unaware of any public survey assessing the willingness of taxpayers to compensate victims of crime with tax dollars.

In the current study, we explored these public preferences for taxpayer-supported compensation payments to victims. White-collar crimes can have profound financial impacts on victims. Furthermore, the limited means of many offenders, or the difficulty in finding all of the individuals involved (especially in the case of identity theft), may make government-managed victim compensation payments seem preferable to offender restitution plans. Yet,

32. More specifically, an individual may have a preference for C over C′, but if he or she is unwilling to pay for either, we cannot detect this using our approach.

33. As Evans (2014) noted, however, some states (and to some extent the federal government) have experienced surplus funds and have diverted them to other purposes. Nevertheless, expansion of benefits and knowledge would result in demand for funds greater than current availability.

34. For example, see the testimony of Kent Burbank, Director of Victim Services Division, Pima County Attorney's Office, Tucson Arizona and Mary Lou Leary, Principal Deputy Assistant Attorney General, U.S. Department of Justice before the Senate Judiciary Committee Hearing, "Fulfilling Our Commitment to Support Victims of Crime," April 13, 2011.

white-collar crimes also likely are less likely to prompt empathy from the public, as their consequences are perceived as financial and victims of consumer and financial frauds or identity theft may be seen (at least in part) to blame. Even though there is some evidence for conditional altruism in sociological, psychological, and economic research, there is little *direct* evidence as to the public's support for such programs.

By using data from a large, nationally representative survey, we compared stated WTP for programs that included provisions for victim compensation against WTP for otherwise identical programs that did not, to assess individual preferences across three types of white-collar crimes, and one street crime. With statistical tests intended to compare rank ordering of preferences, several key results emerged from our analysis. First, in all four crime types, we found stated WTP to be significantly higher within person for options that involve victim compensation as compared with similar options without it, which we interpreted as strong and consistent support for H1. That is, on average, the public prefers options that include victim compensation relative to otherwise identical options without it and are willing to pay more for such policies. This finding was robust across all combinations of policy options and crime types, including both programs for educating potential victims and increasing penalties for eventual offenders, as well as when these policy options were included together. These results align with those published in a large literature on social preferences and altruism, suggesting that often individuals exhibit preferences that benefit others.

In our exploration of motivations for this behavior, we found evidence of both self-serving and purely "altruistic" motivations. On the one hand, we found support for H2a, which posited that respondents who envisioned themselves as likely future victims exhibited higher WTP than respondents who did not see themselves as such. This is consistent with research about self-centered inequity aversion preferences, in which individuals act in seemingly prosocial ways because they want to avoid unfair outcomes for themselves in the future. We argue this finding is the key for policy makers who wish to make victim restorative programs, including taxpayer-funded victim compensation programs, palatable to the general public.

We also found support for H2b, which drew on the findings reported in the literature that greater empathy with program beneficiaries (specifically, respondents who were able to draw on their experiences with victimization to inform their image of program beneficiaries) would cause the distribution of WTP to shift to the right. We did not find the same level of support for our other indicator of victim vividness in H2c (vulnerable victim framing). Together, these results suggest that in addition to self-serving motives, the public's support for crime compensation programs may *also* be influenced by the relative vividness of victims. That is to say, the public is more supportive of programs that compensate crime victims if the victim is made "real." We also note, however, that our results suggest that personal sources of vividness (experience with crime victimization) are most acutely influential. This may in fact be related to H2a and stem for self-benefiting, or retrospective, desires for self-centered inequity aversion rather than from a concern for future victims.

The role of victim behavior exerted an unexpected influence on WTP distributions. Although we predicted that information about proactive behaviors that victims could take to reduce crime would reduce perceptions of victim "deservedness," thereby shifting the distribution to the left, we did not find this to be the case. In three of four crime types, the WTP distribution for programs that included compensation was significantly different for respondents who received the proactive victim frame compared with those who received no frame. In each of these cases, however, the distribution was right-, not left-, ward shifted. The frame had no effect on the distribution of WTP when compensation was not included in the policy package. It is possible that this measure may capture deservedness but of a different variety. Rather than implying that people can avoid victimization, and thus, those who do not have somehow "failed" and deserve to be victimized (e.g., buyer beware), it is possible that this frame *humanized* victims. It is also possible that the information about proactive behavior made educational programs more valuable. Similar analyses run for programs III and V (which do not include educational components) produce no significant results.[35] Thus, the effect of victim behavior may have an effect of WTP only in conjunction with the unique combination of both educational and compensation programs.

Overall, our results suggest that the public supports the use of public funds to compensate victims of white-collar crimes and burglary. The use of WTP methodology in this case offers stronger support than traditional attitudinal measures by asking respondents to "put their money where their mouth is." To that effect, policy makers may find less resistance from constituents than they expect in promoting a victim compensation program for white-collar crime. We also argue that these results are not limited to white-collar crimes, as our findings are generally consistent across both white-collar crime and the traditional crime of burglary. When packaged with crime reduction measures, the public generally supports victim compensation and is willing to pay more for this additional program. Unfortunately, we cannot speak to whether these packages would be similarly supported without being paired with crime control measures such as deterrence or education. This is not necessarily a flaw, in that victim compensation, prevention, and response to crime are a three-pronged response to the single social problem of crime.

Our results, however, also reveal that many individuals are sensitive to how these issues are framed. Respondents are most supportive of these policies when the benefits (to them) are made explicit—our survey design made the scope and cost of crimes apparent, and victims who had experience or could see themselves at risk for victimization in the future were more likely to support compensation. The challenge to policy makers is to make clear to the public the risk of victimization for white-collar crimes; because financial fraud and consumer fraud are absent from National Crime Victimization Survey (NCVS), the general public may not be aware of how often these crimes truly occur. NCVS estimates

35. Results available by request.

of property crime victimization overall in 2015 show that approximately 110 out of every 1,000 households are victims of property crime (Truman and Morgan, 2016). Estimates of white-collar crime suggest that for every 1,000 households, approximately 35 are affected by financial crime, 289 are affected by consumer fraud,[36] and nearly 180 are affected by identity theft (Identity Theft Resource Center, 2016). These rates far outpace violent crime, and two of the three white-collar crimes are more common than property crimes captured by the NCVS. By pairing this information with making clear the common behaviors that put individuals at risk for these types of victimization (such as online shopping for identity theft), policy makers can frame these issues not as generally altruistic but as benefiting most families. Failing to emphasize these issues may lead to greater resistance for compensation than we observed in our study. This multipronged approach is consistent with researchers who suggest multiple motivations for charitable giving (Bekkers and Wiepking, 2011).

Finally, although on average we found that individuals tended to prefer victim compensation options, we did observe a small but consistent percentage (~7% to 10%) who strictly prefer options without compensation, as well as many individuals who are indifferent, of which many stated a WTP of $0 for either option. In attempting to differentiate between these individuals, we found education and to a lesser extent, race/ethnicity—specifically Hispanic origin—to be consistently able to distinguish between preferences for and against victim compensation (with both Hispanics and those with college degrees more likely to prefer victim compensation). Interestingly, more intuitive predictors such as employment status or self-described political affiliation were unimportant in illuminating these different preferences, especially compared with more immediate factors such as victimization history and perceived risk of potential victimization. We interpret these results as providing support that individuals' preferences for fairness and inequity aversion are perhaps the most central concern, as opposed to more abstract political or social attitudes. More broadly, this finding reveals that proposed victim compensation programs may experience broad public support (or face little opposition), allowing for the possibility of significant restoration of victims at little political cost. Exploration of the open-ended responses offer support for this conclusion and suggest that many individuals do base their support for these programs on either direct or vicarious experience with victimization.

These findings also highlight an important limitation of not only our analysis but also of most contingent valuation methods aimed at studying stated willingness to pay. WTP is constrained by income; that is, we may be missing individuals who have preferences for one option over another yet are either unable or unwilling to pay any amount for any of the policy options. The income constraint may also mean that WTP is right censored for some individuals; that is, they may prefer policy B over policy A, but they are unable

36. Based on prevalence numbers in Anderson (2013).

to pay more than they are willing to pay for policy A. One alternative approach would be to study the *compensating variation* as advised by Domínguez and Raphael (2015), or what might be thought of as a *willingness to accept* certain risks or costs associated with victimization. Indeed, we observe a substantial proportion of individuals who are unwilling to pay any amount for any option, an outcome that may reflect the constraints of income, as opposed to truly reflecting their preferences. Nonetheless, given the relation of preferences for compensation to income, we suspect any bias attributable to these income constraints likely mutes the magnitude of our findings, and our measurement strategy, although not perfect, is if anything too conservative.

Finally, one theoretical conclusion that emerges from our analysis is the seeming importance of social preferences, which to our knowledge has thus far made little inroads into criminological theory. The recognition of social preferences (i.e., fairness and altruism) as driving contributors of public support may offer policy makers new ways to frame crime programs to increase their support among the public (and, thus, indirectly support by other policy makers). We further suspect these considerations such as fairness and equity are important determinants not only of individual policy choices but also for the study of potential victim behavior and offender decision making. In general, prior work in which policy preferences have been unpacked has generally been focused on unpacking *punitiveness*—that is, support for policies that punish offenders harshly (see, e.g., Unnever and Cullen, 2010; Unnever, Cullen, and Applegate, 2005; Unnever, Cullen, and Fisher, 2005; Unnever, Cullen, and Roberts, 2005) according to individual characteristics including empathy and religion. We highlight, however, that despite what has often been called an "era of populist punitiveness" (Roberts, Stalan, Indermaur, and Hough, 2003), with the public supporting harsher penalties for offenders, including for white-collar crimes (Holtfreter, Van Slyke, Bratton, and Gertz, 2008; Rebovich and Kane, 2002), the public may also be experiencing an age of popular empathy for victims as white-collar crimes' prevalence and consequences become better understood by researchers, policy makers, and the public. We suggest that unpacking public support for policies beyond sanctioning offenders is an important and critical step in studying criminal justice policy.

Appendix: Offense Descriptions Embedded in the Survey

Financial Fraud—Definition

Financial frauds against consumers generally involve deceit, concealment, or a violation of trust. Fraud does not use or threaten physical force or violence.

Examples

- Ponzi schemes where investor money is used to pay other victims instead of being invested
- Debt consolidation or loan modification scams where homeowners are deceived into high cost mortgages

Annual Victimization in U.S.

- About 4 million financial frauds in the U.S.
- About 35 out of every 1,000 (3.5%) U.S. households

Victim Harm

- Typical case: investor or homeowner loses $200
- Worst case: investors lose life savings, homeowners lose their homes, resulting in bankruptcy and a damaged credit report for many years
- Possibility of psychological harm to victims

Consumer Fraud—Definition

Paying for a product or service that was never received or being billed for a product or service the consumer had not agreed to purchase.

Examples

- Home repair scams—sales person takes a deposit and never completes promised work or provides intentionally shoddy work.
- Advance pay schemes—being promised goods or services such as government employment or lottery winnings if a payment is received in advance; but the product or service is never delivered.

Annual Victimization in U.S.

- About 34 million consumer frauds in the U.S.
- About 289 out of every 1,000 (28.9%) U.S. households

Victim Harm

- Typical case: consumer loses $100
- Worst case: individuals lose thousands of dollars and, in some cases, their life savings
- Possibility of psychological harm to victims

Additional Harm

- Police or consumer protection bureau investigation costs
- Court and prison costs for offenders who are caught
- Cost to legitimate companies who lose business to fraud
- **[IF FRAME = 1]** Consumers who take expensive precautions to avoid being victimized

Fraudulently Using Another Person's Identity—Definition

Stealing personal information (such as credit card, social security number) and using that information to fraudulently obtain something of value.

Examples

- Purchasing merchandise using a stolen credit card
- Obtaining a job, government benefits, or renting an apartment or home based on a stolen identity

Annual Victimization in U.S.

- About 20.2 million fraudulent uses of another person's identity in the U.S.
- About 173 out of every 1,000 (17.3%) U.S. households

Victim Harm

- Typical case: consumer loss $300
- Worst case: individuals lose thousands of dollars, and in some cases their life savings, a damaged credit report, difficulty obtaining employment and other complications due to confusion over their identity
- Time spent changing credit cards, clearing up credit issues, etc.
- Possibility of psychological harm to victims

Additional Harm

- Bank or credit card companies who reimburse customers for this loss; this cost is passed on to all customers in the form of higher fees
- Police or consumer protection bureau investigation costs
- Court and prison costs for offenders who are caught
- Cost to consumers who purchase identity theft protection and/or insurance
- [IF **FRAME = 1**] Consumers who take expensive precautions to avoid being victimized

Burglary—Definition

Unlawful entry into a structure (home, garage, store, etc.) for the purpose of stealing money or property.

Annual Victimization in U.S.

- About 3.3 million burglaries in the U.S.
- About 28 out of every 1,000 (2.8%) U.S. households

Victim Harm

- Typical case: household loss is about $600
- Worst case: individuals lose thousands of dollars and/or sentimental property that is impossible to replace
- Time spent with insurance company, police, fixing or replacing damaged property, etc.
- Possibility of psychological harm to victims

Additional Harm

- Police investigation costs
- Court and prison costs for offenders who are caught
- Higher cost of homeowners and renters insurance
- [IF **FRAME = 1**] Households who take expensive precautions to avoid burglary (alarms, better locks, etc.)

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