

Business law i case study arthur andersen llp v. united states

Countries, United States



Arthur Andersen LLP v. United States The parties: In Arthur Andersen LLP v. United States, the plaintiff was the United States. The United States was also the Appellee. Arthur Andersen is the defendant as well as the appellant. The history: Arthur Andersen was found guilty at the jury trial. The U. S. Court of Appeals for the Fifth Circuit also affirmed him guilty. The U. S. Supreme Court reversed Andersen's convictions due to " flawed jury instructions. "

The facts: Arthur Anderson formed a crisis-response team shortly after the Wall Street Journal had suggested the issues at Enron.

The company kept encouraging the employees to follow Andersen's document retention policy and Odom stated that " If [documents are] destroyed in the course of [the] normal policy and litigation is filed the next day, that's great... We've followed our own policy, and whatever there was that might have been of interest to somebody is gone and irretrievable. " As Enron went under the heat of informal to formal investigation with requests for documentation, the company kept encouraging its employees to follow the " policy. It wasn't until the SEC served Enron and Andersen with subpoenas for records that they told their employees to stop shredding and the game was over. The plaintiff's theory: The jury and Court of Appeals found that the above actions made the petitioner guilty of violating Title 18 of the United States Code that provides criminal sanctions for those who obstruct justice. They believed he intentionally had the knowledge of what was going on and intentionally destroyed the documents that proved the scandal to be true.

The defendant's theory: Arthur Anderson believed that he was only following his company's policy by ensuring it was being followed. He did not violate a law because once he was served the subpoena, the document shredding halted immediately. The legal issue: Did Arthur Anderson violate Title 18 of the United States Code by knowingly persuading his employees to shred documents with intent to impair the availability of those documents for use in an official proceeding?

The holding of the court: No. Andersen's conviction could not stand due to the flawed jury instructions. Therefore, the conviction was reversed by the U. S. Supreme Court. Personal opinion: I do not believe this case was correctly decided. However, there was not enough evidence to convict him. The Supreme Court ruled the right decision based on the books. It is obviously clear that the Arthur Andersen was a smart man. Once he got tick in his ear that there might be trouble, he quickly found a way to legally protect himself and the company. I find it interesting how persistent they were with the document policy. However, regardless of the perception it gives off, Andersen technically did not violate any laws according to the court. If he was guilty, no one would ever know. I'm sure if the subpoena would have been served sooner, there would have been a different outcome. But, this is only my opinion and it would not stand in the court system.