

Good criminal law essay example

[Business](#), [Company](#)



Capstone Project

What second topic have you selected for this assignment? Explain.

I have selected corporate or white collar crimes for the second topic. The last few years witnessed the scandals in the global corporate scene among the U. S. and European companies and their counterparts in the other parts of the world. Corporate crimes are synonymous to " Corporate frauds," " corporate breakdown," " accounting scandals," " corporate scandals," among others, have been tagged to these corporate controversies (Ball, 2009). One of the best and most popular examples of corporate crimes is the case of Enron. This happened some years ago and such type of scandal persists in the corporate world. Other examples include the AIG scandal in the insurance sector, the Worldcom scandal in telecommunications, the 2006 HP Spying Scandal in the computer business, the Clearstream scandal in Luxembourg, the Exxon in the oil industry, etc. (Ball, 2009).

As the very controversial corporate scandal in the recent times, it ignited talks among the business circles. According to Iwata (2006), Enron " is still a statement of corporate excess and one of the most expensive bankruptcies in the American commercial organizations ever." Enron's case and some other corporate failures induced the much needed reforms in corporate standards. More importantly, it requires greater crackdown on corporate or white collar crimes. It also assesses " the truthfulness of the market and the accuracy of financial data" as well as the corporate ethics of the company (Iwata, 2006). In financial terms, Enron is the most significant bankruptcy in the history of American business. The crime has been estimated to have a total which exceeded \$1 billion (Iwata, 2006).

Corporate crimes are caused by various factors and reasons. More importantly, it leaves a redounding impact on the American society as well as the U. S. economy and polity in both local and global contexts. Among other effects in the financial sense, corporate frauds dramatically stole the confidence of investors and it has challenged the way companies are now raising equities. Because of the big corporate fiascos, publicly listed businesses lost \$7 trillion in stock market value between 2000 to 2002. Majority of this amount was from the Enron case and similar corporate fraud cases, which included the September 11 terrorist attacks.

How did you select the topic that you are researching? Explain.

I chose this topic after reviewing that corporate or white crimes are becoming rampant. Yet, their discoveries are often too late. By checking on the FBI's Report, this author found out that there are about 14 crime categories. These are: antitrust, bribery, political financing, environmental, financial crimes, illegal food and drug, untruthful statements, fraud, under the table exports, informal boycott, obstruction of justice, public corruption, evasion of taxes, and death of worker/s (Mokhiber, 1996).

It is interesting to note the impact of corporate crimes. Alarmingly, the large companies which are prosecuted by the U. S. criminal justice are just the tip of a very large syndicate of corporate frauds. For each company sentenced by bribery or of direct political financing as against the U. S. federal law, there are hundreds who extend their financial support through political and lobbying actions such as going to the different political committess and

parties (Mokhiber, 1996). In other words, these crimes are not properly being prosecuted.

Literature Review

According to Bryce (2002), corporate scandal is “ a disgraceful allegation/s of wrongful behavior by people acting within or on behalf of a company or organization.” Sometimes, a corporate scandal involves accounting fraud of some type. The corporate scandals compelled the U. S. Congress in 2002 to administer the Sarbanes-Oxley Act, the major anti-fraud law ever enacted. It extracts integrity and truthfulness among the U. S. companies in their conduct of their businesses. Among other major transitions in corporate governance brought by this new legislation is that the company boards must state their auditing measures and recruit more directors of high professionalism and integrity (Bryce, 2002).

Stewart Hamilton and Alicia Micklethwait highly contributed to the evaluation of corporate shakedowns in their book “ Greed and Corporate Failure: The Lessons From Recent Disasters” (Wearing, 2005). They attributed the wrongdoing to the media and dislocated analyses of why companies fail. The authors defended that these failing corporations are “” interestingly few and simialr with general cases" and that some other major companies fall to these accounting mishaps as controversial and media hyped companies have undergone. The authors attributed corporate failures to the following reasons: very aggressive company expansion, especially via mergers and acquisitions, lame internal controls, quench for money, and weak boards (Wearing, 2005).

Aborgast (2008) contextualized the 2002 series of business organization

scandals, their vast exposure and their uncommon nature. He concluded that unethical violation of is a “ striking characteristics of the modern society around the world.” Similarly, Sverige (2004) outlined an example of a corporate crime in the context of globalization through the case of Parmalat. This case was considered as one of the most significant cases of corporate fraud in the history of European business. Its impact was felt all over the global business world. Parmalat is the eight biggest industrial player in Italy. It declined in 2002 at the height of the scandalous accusations versus high level executives and scandal consisting of the key players from the global financing world (Sverige, 2004).

Such corporate accounting scandals illustrate the execution of its executives as these financial declarations, hidden activities and other misdeeds will not be made possible without the knowledge and connivance of its top corporate leaders (Patsuris, 2002). Lindborg (2008) attested that accounting frauds, the application of the Sarbanes-Oxley Act in 2002 and criminal lawsuits versus formerly esteemed CEOs all strengthened the public’s awareness of corporate governance and commercial risk management.

It is said that the previous corporate cases have put new principles and outlooks for the field of accounting. After all, it is the accountants who have mainly administered financial management and prepared and audited these financial statements. Relatively, it is also reckoned that accountants have a major role in sound corporate governance and excellent sustainable business practices. As such, Peterson & Ferrell (2004) said that the public pressures over the key role of accountants which usually links with vital failures in the corporate performance.

Shortcomings in ethical leadership have led to billions of dollars in penalties and settlements, not to acknowledge the immeasurable defects to brand and integrity. Business leaders who internalize ethics a part of their overall conversations and decision-making make a solid example for its organization to reform its culture and prevent vulnerability to corporate misconduct (“The Forum on Ethical Leadership and Business Performance, 2008). Hence, developing and nurturing corporate ethics has a very positive impact on the organizational goals as well as its corporate social responsibility and continuous existence and excellent performance.

Hoffman (2003) debunked a common myth that corporate or business ethics is all about the ethics of individual people and not about organizational ethics. It contradicts the notion that unethical people makes an unethical organization. He asserted that while the character and reputation of an organization is dependent on individual integrity, ethical leaders can be brought down by serving in a bad organization the same as people with questionable integrity can be mold to the clearer and stronger ethical values of an organization.

Hamilton & Micklethwait (2006) argues that the governance and gatekeepers needs to be reexamined in the analysis of the dairy company. They argued that leaders and managers are critically undeterred in Italy due to the law’s weak enforcement against the legislative loop holes. It attributed corporate failure to the causes of under-enforcement. This reflects the important role of both public and private enforcement.

Why is this topic important to the criminal justice system and the citizens of the United States? Explain.

This topic is vital to the criminal justice system as corporate or white crimes have a powerful financial and moral impact on societies. This topic is very significant to the U. S. criminal justice system as well as to the proponents of corporate governance and corporate social responsibility. It emphasizes the values which are often neglected in the business world. It also stresses the need for greater criminalization of such white crimes.

In a global world, corporations become as big as nations. However, they remain unsuspected for major criminal activities. Often, corporate crimes are discovered after the fall or bankruptcy of the company or the escape of its chief executive. Millions have been amassed before they are discovered and this leaves a detrimental effect for the American society.

What are the various topic issues, problems, or policies associated with your selected topic? Explain in detail.

The special topics and concerns related to corporate scandals involve financial breakdowns, various forms of anomalies, misconduct and unlawful practices. It also relates well with financial frauds and false accounting. The latter are not actually the proximate causes of the collapses yet they are mechanisms or vehicles that cover up a more widespread failure in the companies. There are also fundamental failures in the organizational ethics and culture of the leaders and heads of these corporations. Proper corporate governance is also a special issue in this paper.

A major certainty in these corporate crimes is the moral breakdown of the organization, especially its leadership and governance. Senior executives

acknowledge the need for a more ethical organizational management. This brings to this paper's main contention that the principal problem of corporate crimes rests on the problem in corporate ethics, specifically by the leaders of the various corporations.

With this, this research shall delve into the corporate failures of several companies and link them with corporate ethics and ethical leadership. In other words, the corporate crimes can be broken down into several components and examined in the light of corporate ethics. In this case, some other issues related are the corporate and social values and the goals and orientations of the corporations.

What do you propose as the changes to these topic issues, problems, and policies? Explain in detail.

This research shall primarily propose the emphasis on the role of corporate ethics and proper corporate governance or corporate social responsibility in the success or failure of a company, especially of the large, multinational ones. This paper also supports the major view that corporate crimes occur mainly because of the corporate ethics or its absence allows for more lapses in the management of the company in terms of both its financial and organizational issues and concerns.

Corporate ethics depends on general standards of equality and integrity and it hinges on the inside stakeholder issues i. e. product quality, customer fulfillment, employee compensation and perks, and local community and environmental functions. It encompasses the hard topics which a company can really influence (Entine, 1996). In this regard, the paper also proposes sound corporate governance of various companies. Corporate governance is

an intrinsic system above laws, stages and people, that supports the needs of both internal and external shareholders, by managing and supervising management activities with good business sense, objectivity, integrity, and accountability (Crawford, 2007). A vital theme in corporate governance is to make sure that specific personnel in an organization have accountability which are internalized via systems that attempt to lessen or take away the principal-agent issue (Crawford, 2007).

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