

Term paper on corporate crime

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



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CORPORATE CRIME

Corporate crimes are crimes that are caused by corporate bodies or crimes committed by person acting on behalf of corporate bodies. A corporate crime usually includes; corporate corruption, white collar frauds, environmental pollution, insider trading and tax evasion, misleading information to consumers and workers death. In the recent past corporate crimes have become very rampant in our societies, a day hardly pass without a story of investment frauds, corporate corruption and other forms of corporate crime being reported. 1 And mainly these crimes are committed by big companies which are financially powerful and therefore the authorities involved fear to take action on it.

Corporate crimes have become an issue of serious concern to our societies today , this is because this type of crime are usually not as violent as other crimes which takes place in the street and therefore they usually goes unnoticed or without much publicity. The law enforcement officers also do

not handle corporate crimes with the seriousness it deserves; this has led to corporate crimes to be committed over and over again by these corporations. The government laws and regulations have not also adequately addressed the issue of corporate crime which has made many crimes committed by corporate bodies against society to go completely unpunished or with very little punishment only. 2

Environmental Pollution by companies has also negatively affected people living near factories without these companies doing anything to protect them, every year many people are diagnosed with different type of diseases which can be directly attributed to the harmful gases that are released into the atmosphere by the companies, but none of the companies can take responsibilities for the same or even compensate the people who have been affected by their actions. For example in the case R V Exxon Corporation where the latter was charged with releasing harmful gases into the air and therefore affecting the health of the population living around their premise, the court fined the company \$1000 only without any ruling of compensating the victims.

This type of crime is believed to have caused a lot of damage to the societies compared to other type of crimes. It has been approximated that amount of money that are lost due to frauds are usually double the amount that are lost by individuals in the hands of street criminals, and the biggest swindles involving money usually are in the field of corporate affairs where millions of societies money are usually reported to be stolen by individuals who act as a corporate body. In most cases victims of these types of fraud are said to

suffer stress, heart attack, isolations and even some of them committing suicide. 3

Those people who have died in their course of duty due to negligence by employers are said to be even triple as compared to those people who have been killed by criminals in the street. Although the government have put in place health act which compels companies to put safety measures in place so as to protect their employees and reduces the cases of death which has been attributed to poor working conditions, little has been done to enforce the act. This has led to labor unions advocating for enactment of more stringent act that will put a severe penalty on the companies that will not provide safe and secure working conditions for their employees.

Corporate crime has also led to decrease in the number of private investors who want to invest in some productive business that will help societies to acquire quality goods and services at cheaper cost. It is believed that uncertainties due to corporate crime shuns away investors, corporate criminals distort market share prices leading to low profits and therefore making corporate and other individual investors to shun away from the investment thereby leading to allocation inefficiency. 4

According to a report by Canadian security administrators more than one million Canadians have lost their investment through corporate fraud , many of these individuals have been robbed off their lifetime investment leading to many of them to suffer mentally , physiologically and emotionally. Some of them have suffered a lot of stress which has led to their health deteriorating and even others going to an extent of committing suicide. 5

Mass corruption by corporate bodies have also slowed down the pace of economic development in the country, many companies across the country have been bribing the state officers so as to be given tenders to construct various state projects. For example in the case of Regina v Mc Namara et al, where Mc Namara Construction Company was accused of rigging the government contracts for construction works.

CHALLENGES IN DEALING WITH CORPORATE CRIME

We have seen from our above discussions that corporate crime has done and is doing a lot of harm to our society, but despite all these damages little has being done by the government to control corporate crime and therefore living the societies to suffer under the hands of some few individuals who rob money from unsuspecting individuals.

Lack of information among the people involved has been cited as a major obstacle toward combating corporate crimes. Many of the people who have been the victim of corporate crimes do not report it to the authorities concerned so that appropriate measures can be taken against the corporate body involve. And due to lack of information many individuals have taken a blind investment decisions which has led them losing their investment through some dubious investment.

Corporate bodies also decide for themselves the law under which to operate, they have enough resources to control the lawmakers on which bill to be passed and which to withdraw. 6 If a bill doesn't favor them they will manipulate it so that it will not put a burden on them. Some of these companies have also crossed the borders and started operating as a

multinational government; therefore it becomes difficult for a government of a single nation to control them. And because of the political power that these companies enjoy it is very easy for them to manipulate court decisions. For example the royal Caribbean crew company was recently convicted for polluting the oceans crime, the company hired a well known defense lawyers who have many years experience in environmental law, but even as the case went for a full trial the company started a massive campaign of winning the confidence the public by contributing money to the environmental projects and also donating huge amount of money to environmental groups so as to silence them. 7

There are also no proper policies in place to combat such crimes. For example the government has not enacted enough policy to fight environmental pollution and other corporate crimes like corruption and fraud, this has made it difficult for the court to deal with such crimes as the law requires that for a company to be convicted for such an act there should be a prove beyond reasonable doubt . this has made may companies to continue with their malt practices while the victims of their crimes have continued to suffer without getting any justice.

There have been also cases of court dealing with the companies very leniently instead of putting a harsh sentence on those who commit corporate crimes so as to discourage others from committing the same mistake. For example in R V General motors' limited where general motors' limited, firestone tires and other companies dealing with vehicle parts agreed to destroy railway lines that connects different cities, their deal was latter known and were charged with economic crimes, the general motors and

other companies convicted was fined \$8000 while one executive company which conspired with GM was fined only\$1.

Large corporations have taken control of many consumer groups and human rights group which are supposed to prosecute these corporate which causes damages to society. Many of these groups have remained silence on many issues that affect consumers and society in general because they depend on these large corporations for their funding the same corporations which they are meant to fight. For example national association of consumer was formed some years back to deal with high prices of goods and production of low quality goods by some industries, but in the recent past it has been taken over by large corporations where they get majority of their budget. 8 The market does not take the contemporary corporate crime with the seriousness it deserves, we see that immediately a company is fined for corporate offence its share price in the market goes up, this shows that the public view is that the company has been cleared and the public does not attach any practical feelings about the company's wrong doings. This has made many companies to continue trading exemplary well in the market even after it has been tried in the court of law and found to be guilty of corporate crimes.

HOW TO DEAL WITH CORPORATE CRIME

Corporate crime is an issue of serious concern to our society and therefore amicable and workable solutions should be constituted so as to deal with this crime which has not gotten the attention it deserves to get rid of it. The government should consider doing amendments to criminal code so that the corporations found of any wrong doings should face a harsher sentence so as

to discourage organizations from committing certain crimes, the law should also punish the directors and individual employees who take part in crime. 9 The government should also come up with stringent policies that will regulate corporations from polluting the environment thus causing a harmful damage to the society; the law should not be ambiguous about the extent of pollution. Those companies which pollute the environment should be made to pay for their action by imposing pollution tax and a tough measure should be stipulated against any company that will evade such tax.

A public awareness should be carried out to sensitize people about corporate crime, so that people should report any form of corporate crime to the authority in charge so that the matter will be dealt with accordingly. Public education about the investment decisions will also go a long way to curb corporate crimes because people will be thought to differentiate between a viable investment decisions and fraudsters who their main aim is to fraud the public their money. 10

Companies should also be compelled to participate in social responsibility projects like production of quality goods, cheap prices and contributing to community projects. This will make corporations to keep a good working relation with the society and therefore able to protect some of the social crimes which they would have committed.

Cases involving corporate crimes should also be heard as fast as possible, this is because many of the crimes that has occurred has been attributed to the slow pace of judiciary where cases take too long before they are being heard. For example in the case of Canadian securities limited v Bre X Company , court took almost seven years to reach a not guilty decision

against the Bre X Company which was charged with massive gold fraud. Government should also publish annually the companies that committed criminal acts and made it public to everybody so as to reduce its market power and also act as a good example to other companies that might be thinking to take part in such a crime. 11

The government should also provide enough funds for the prosecutors so that they can do enough legal research to counter the evidence of the experienced defense lawyers of the corporations when they are brought to court.

The government should also intervene in the product market by imposing policies and regulations. This will go a long way in controlling corporate crime by making sure that only quality products are sold in the market and at a fair price. 12 This will also increase investors' confidence and therefore eliminating allocation inefficiency.

Even after putting in place all the above policies if there is no proper method of enforcement it will be of no use, therefore the police college should put in place a curriculum about corporate crime and the policies available to prevent it and the best enforcement strategies, these will help to significantly reduce the corporate crime in the country. 13

CONCLUSION

In conclusion we have seen that the corporate crime has caused a lot of damage to the society, it has led to misappropriation of funds, market imperfection and environmental degradation. Corporate fraud has also caused stress, loneliness, poor health and eventual loss of life to many people in the society and therefore much has to be done by the government

and individuals to curb this problem.

The government should come up with criminal law to control this type of crime because the civil law is not enough to deal with this type of crime. The criminal law should be made in such a way as it will punish all the people in the company who are involved in the crime as this will discourage both the directors and employees to participate in such a crime.

POWERPOINT PRESENTATION

Corporate crime is defined as crimes committed by corporations or by a person acting for the business entity. They are usually in form of fraud, misleading information by companies, corporate corruption, insider trading, environmental pollution and production of low quality goods by companies.

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Corporate crime has become an issue of major concern to the society today because it is usually ignored by many government agencies; it is also not as widespread as street crime and therefore tends to be unnoticed by many. In real sense corporate crime has caused a lot of damages to the society when compared to other type of crime. It is estimated that millions of dollars are lost annually through white collar frauds, the victims of these frauds usually suffer mentally, morally and physiologically. Many of these victims will be stressed and others may even commit suicide as they lose any other hope in life because all their lifetime belonging have gone.

Therefore we have seen that corporate crime is a real menace in our society and in order to protect our generations and generation to come we have to put in place a stringent policies and measures to control this type of crime.

Therefore the government should come up with criminal laws that will punish

the people who commit this type of crime because civil law which is currently used is not enough to control this crime. The government should also conduct a public awareness campaign to sensitize individuals on the issues of corporate crime so that individuals will report any case of corporate crime to the government so that it can be dealt with it accordingly.

References

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