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ABOUT US

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provided dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

“THE IMPACT OF CORPORATE CULTURE ON WHITE-COLLAR CRIME: LEGAL AND ETHICAL PERSPECTIVES”

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Abstract:

The research explores the relationship between corporate culture and white-collar crime, focusing on its ethical and legal aspects. It uses a multidisciplinary approach to understand the complex dynamics between corporate culture, legal frameworks, and ethical considerations. The term "white collar crime" is defined as "corporate crime" and "crime," referring to offences committed by officials for the benefit of the organisation. The study also considers crimes involving individuals at all levels of society, such as employers and those providing services and goods to the public.

The research aims to understand how corporate culture contributes to white-collar crimes by identifying cultural factors that deter or facilitate unethical behaviour within organisations. This is crucial for understanding the root causes of corporate misconduct and informing regulatory and ethical frameworks to prevent such offences. However, there are gaps in the current knowledge, such as a lack of comprehensive empirical studies linking specific corporate culture elements to white-collar crime, a lack of nuanced examination of legal and ethical implications of varying corporate cultures, and limited attention to leadership and organisational structures' role in shaping a culture that discourages or facilitates white-collar criminal activities. Addressing these gaps is crucial for a more comprehensive understanding of the interplay between corporate culture, legal frameworks, and ethical considerations in the context of white-collar crime.

Corporate culture plays a pivotal role in shaping the ethical behaviour of organisations and their employees. This paper examines the intricate relationship between corporate culture and white-collar crime from both legal and ethical perspectives. Through an extensive review of the literature and case studies, the paper elucidates how organisational culture influences decision-making processes, risk-

taking behaviour, and the propensity for unethical conduct within corporations. It also explores the legal frameworks and regulatory mechanisms designed to address white-collar crime, emphasizing the importance of proactive measures in fostering a culture of compliance and integrity. Furthermore, the paper discusses the ethical implications of corporate culture, highlighting the responsibilities of corporate leaders in promoting ethical behaviour and fostering a culture of transparency, accountability, and respect for the rule of law. By analysing the interplay between corporate culture, legal obligations, and ethical considerations, this paper offers insights into mitigating the risks associated with white-collar crime and promoting ethical conduct in corporate settings.

Keywords: Corporate culture, White collar crime, Legal aspects, Criminal activities.

INTRODUCTION

In the realm of criminology and sociology, the term "white-collar crime" stands as a significant marker, attributing its origins to the pioneering work of Edwin Sutherland during the 1930s. Sutherland, a distinguished criminologist and sociologist, introduced this concept to delineate a distinct category of offences committed by individuals of esteemed social stature. His groundbreaking research not only sheds light on the prevalence of such crimes but also challenges conventional notions of criminal behaviour, emphasising the role of social status and respectability.

In his seminal work, Sutherland coined the phrase "persons of respectability" to describe those who typically engage in white-collar crimes. This characterisation underscored the disparity between the conventional perception of criminals and the actual demographics involved in such offences. Moreover, Sutherland's contributions extended beyond the conceptualisation of white-collar crime, as he went on to establish the renowned Bloomington School of Criminology at Indiana State University. ¹Through this institution, Sutherland fostered a new generation of scholars dedicated to unravelling the complexities of criminal behaviour and societal influences.

Corruption, a prevalent form of white-collar crime, pervades societal discourse across social, economic, and political realms. Despite widespread recognition of its harmful effects, concrete actions to address this issue remain inadequate. This essay aims to define white-collar crime, trace its

¹ <http://www.irjmets.com/>

historical evolution, and propose potential solutions. From ancient times to modern cybercrime challenges, the evolution of corruption reflects societal changes. Through comprehending its origins and current expressions, we can devise efficacious approaches to combat corruption and uphold principles of justice.

Although there are numerous instances of crime occurring in the course of an occupation throughout history, the focus on, study of, and prosecution of corporate crime is a relatively new phenomenon that has recently gained the public's interest. For criminologists, "corporate crime" refers to acts in violation of the law that are committed by businesses, corporations, or individuals within those entities.² Corporate crime is also closely associated with white-collar crime, organized crime, and state-corporate crimes. Although most of us do not think of businesses, corporations, or presidents and CEOs of companies when we think of criminals, corporate and white-collar offences cause more deaths, physical injury, and property loss than the Uniform Crime Report's eight serious index offences together.³

While the main focus of the criminal justice system is still toward detection and apprehension of serious street crime and criminals, corporate wrongdoing and malfeasance by such corporations as Enron and WorldCom have brought white-collar crime and corporate crimes to the attention of justice officials. The mass media has also played an important role in pushing for increased accountability for violators of these types of crimes.⁴ However, a large part of the problem in the progress of the study of corporate and white-collar crime stems from the real meaning and appropriate application of the label 'white-collar criminal'. Many scholars of white-collar and corporate crime have written on numerous occasions about definitional and conceptual difficulties.⁵

The meaning of white-collar crime, like that of other abstract terms in legal, social science, and philosophical discourse⁶ is deeply contested. Definitions vary both across and within disciplines and

² Richard D. Hartley, *Corporate Crime, California: ABC-CLIO* (2008) citing [Kappeler, Blumberg, and Potter (2000)].

³ *Id.* (In the US, these offences include willful homicide, forcible rape, robbery, burglary, aggravated assault, larceny over \$50, motor vehicle theft, and arson).

⁴ *Id.*, at np. 1.

⁵ *Id.*, citing (Geis 1974; Geis and Meier 1977, Wheeler 1983, Meier 1986).

⁶ For example, of "coercion, "violence," "victim"

and linguistic practices".⁷ When Sutherland defined the term, it was vague and failed to address exactly what the term should mean. To lawyers, it seems obvious that when one talks about "white collar crime" one should be talking about some subcategory of conduct that reflects criminal law-like characteristics like actus reus and mens rea. To social scientists, this point is less clear. Sociologists and criminologists are concerned less with legal labels and categories than with describing patterns of behaviour, its causes, and attitudes towards it.⁸ Thus, for Sutherland and many of his fellow sociologists, white-collar crime is not "crime" in the legal sense of the term.⁹

Trustworthiness in business is usually taken for granted because business owners believe workers can be trusted (Smith, 2016). This naive confidence causes business owners to become victims of workplace fraud which allows them to misappropriate properties. Both men and women commit fraud in every sector, except for the banking industry where women outnumber men (Bonny, Goode, & Lacey, 2015). If an employee is motivated to commit fraud, that person could be of any age or gender and may appear trustworthy. When companies know that they are not immune to occupational fraud, researchers need to continue research on occupational fraud and workplace monitoring procedures. Fraud is one of the most challenging issues to solve (Gullkvist & Jokipii, 2013). Van Gelder and DeVries (2016) indicated that there is a lack of facts regarding employee misconduct by ordinary employees, considering the incidence of employee theft. High-profile white-collar offences are more discussed in research although fraud in the workplace is more frequently committed. Occupational fraud now has gained relatively large research attention.¹⁰

corporate crimes and white-collar crime are two critical areas of study in criminology. While corporate crimes refer to offences committed by corporations or individuals acting on their behalf, white-collar crime is a broader term that refers to crimes committed by individuals in positions of trust and authority. Both types of crimes can have severe consequences for both the offender and society, highlighting the importance of understanding and addressing these crimes.

⁷ Green, Stuart P "The Concept of White Collar Crime in Law and Legal Theory," Buffalo Criminal Law Review, 8:1-34(2004) at p.2.

⁸ Tappan, Paul W. "Who Is the Criminal? Am. Soc. Rev. 12: 96 (1947) see also Caldwell, Robert G.. "A Re-Examination of the Concept of Crime" in Geis, Gilbert (ed) White- Collar Criminal: The Offender in Business and the professions, (1968) at p376; , Edelhertz Herbert, The Nature, Impact and prosecution of White-Collar Crime (1970)

⁹ Green, see supra note 19, at p4-5. "At the time he was writing, much of the activity he was concerned with such as restraint of trade, violation of patents, unfair labour practices, and alteration or misbranding of food and drugs was not subject to criminal sanctions at all, or, if it was, was rarely prosecuted as such.

¹⁰ <https://www.igi-global.com/chapter/frauds-in-business-organizations/335737>

UNDERSTANDING CORPORATE CRIMES AND WHITE-COLLAR CRIME: AN OVERVIEW

This heading provides a clear and concise overview of the topic of the paragraph, which is an introduction to the concepts of corporate crimes and white-collar crime. It highlights the significance of these areas of study in the field of criminology and provides a brief definition of each concept. The heading also emphasizes the potential consequences of these crimes for both the offender and society, indicating the importance of understanding and addressing them. Overall, this heading sets the stage for a comprehensive discussion of corporate crimes and white-collar crime in the research paper.

The term “white-collar crime” was coined in the 1930s by sociologist and criminologist Edwin Sutherland. He used the phrase to describe the types of crimes commonly committed by “persons of respectability” – people who are recognized as possessing a high social status. Sutherland eventually founded the Bloomington School of Criminology at the State University of Indiana.¹¹

Corporate crimes and white-collar crime are two significant areas of study in criminology. Corporate crimes refer to offences committed by corporations or individuals acting on behalf of a corporation, which often involve violations of laws and regulations governing business activities. Examples of corporate crimes include fraud, bribery, insider trading, embezzlement, and cybercrime. These crimes can have severe consequences for the corporation and society, including financial losses, damage to reputation, and harm to consumers and the environment.

White-collar crime, on the other hand, is a broader term that refers to crimes committed by individuals in positions of trust and authority, often for financial gain. While corporate crime is a subset of white-collar crime, not all white-collar crimes are committed by corporations. For example, embezzlement and fraud can also be committed by individuals in non-corporate settings, such as government or non-profit organizations.

Edwin Sutherland, a prominent American sociologist, first introduced the concept of white-collar crime in 1939. Sutherland defined white-collar crime as "a crime committed by a person of respectability and high social status in the course of his occupation." This definition highlights the

¹¹ <https://corporatefinanceinstitute.com/resources/esg/white-collar-crime/>

social and economic status of white-collar offenders, who often use their positions of power and authority to commit crimes.

White-collar crimes can have significant impacts on society, including financial losses, damage to reputation, and harm to consumers and the environment. In some cases, white-collar crimes can also lead to physical harm, such as in the case of the 2010 Deepwater Horizon oil spill, which resulted in 11 deaths and significant environmental damage.

White-collar crime (WCC) in India is a significant issue that affects both domestic and foreign companies. WCC can take various forms, including bribery, embezzlement, insider trading, and fraud. According to the Global Financial Integrity (GFI) report, India ranks 10th in the world in terms of the amount of bribery paid by businesses.

U.S. companies doing business in India should take several due diligence measures to mitigate the risk of WCC. These measures include:

- Conduct thorough background checks on potential business partners, including their management team, board members, and shareholders. This can be done through public records, news articles, and industry reports.
- Verify the identity of business partners by obtaining copies of their passports, driver's licenses, or other forms of identification.
- Establish a strong compliance program, including a code of conduct, whistleblower policy, and procedures for reporting suspected WCC.
- Implement robust internal controls, including segregation of duties, access controls, and audit trails.
- Train employees on the importance of ethical behaviour and the reporting of potential WCC.
- Regularly review and update policies and procedures related to anti-bribery and anti-corruption compliance.
- Consider using third-party due diligence providers to assess the risk of WCC in potential business partners.
- Stay informed about the latest developments in WCC laws and regulations in India, as well as the efforts of the Indian government to combat this issue.

By taking these due diligence measures, U.S. companies can significantly reduce the risk of WCC in

India and enhance their overall business operations.

TYPES OF WHITE-COLLAR CRIME

White-collar crime encompasses a wide range of offences, including the following:¹²

- 1. Fraud** is a broad term that encompasses several different schemes used to defraud people of their money. One of the most common and simplest is the offer to send someone a lot of money (say, \$10,000) if they will simply send the fraudster a little money (say, \$300 – the fraudster may represent the smaller sum as being a processing or finder's fee). Of course, the fraudster gets the money that is sent to him but never sends out the money he promised to send.
- 2. Insider trading** is trading done with the benefit of the trader possessing material, non-public information that gives him or her an advantage in the financial markets. For example, an employee at an investment bank may know that Company A is preparing to acquire Company B. The employee can buy stock in Company B with the expectation that the company's stock will rise significantly in price once the acquisition becomes public knowledge. There are various reasons why insider trading should be deprecated. The most direct is that it is seen as unfair. In one of the key decisions on insider dealing, *SEC v. Texas Gulf Sulfur Co.*,¹³ the court stated: "inequities based upon unequal access to knowledge should not be shrugged off as inevitable in our way of life or, given the congressional concern in the area, remain uncorrected." A second rationale for controlling market abuse is the maintenance of investor confidence. To quote Professor Barry Rider, "Integral to the efficient operation of any market is the maintenance of confidence in the integrity of its functions", Fishman, in his paper cited above, puts the point even more starkly: "Commercial fraud and insider dealing destroy the investing public's faith that the market presents a level playing field. If the market is rigged, the public will shun investment in securities.
- 3. Ponzi scheme** Named after Charles Ponzi, the original perpetrator of such a scheme, a Ponzi scheme is an investment scam that offers investors extremely high returns. It pays such returns to the initial investors with the newly deposited funds of new investors.

When the scammer is no longer able to attract a sufficient number of new clients to pay off

¹² <https://corporatefinanceinstitute.com/resources/esg/white-collar-crime/>

¹³ (1968) 401 F 2d 833

the old ones, the scheme collapses like a house of cards, leaving many investors with huge losses.

4. Identity theft and other cybercrimes

Identity theft and computer system “hacking” are two of the most widespread computer crimes. It’s estimated that losses from identity theft in the United States alone totalled nearly \$2 billion in 2019. California, with over 73,000 cases of identity theft reported, was the state whose citizens suffered the most from the crime – Florida was a very distant second with 37,000 reported cases.

5. Embezzlement

Embezzlement is a crime of theft, or larceny, that can range from an employee taking a few dollars out of a cash drawer to a complex scheme to transfer millions from a company’s accounts to the embezzler’s accounts.

6. Counterfeiting

Our money has become more colourful and expanded in detail because it had to combat counterfeiting. With today’s computers and advanced laser printers, the old currency was just too easy to copy. However, it’s questionable how successful the government’s efforts in this area have been. Rumour has it that very high-quality copies of the new \$100 bill were available within 24 hours of the new bill first being issued.

7. Money laundering is a service essential to the needs of criminals who deal with large amounts of cash. It involves funnelling the cash through several accounts and eventually into legitimate businesses, where it becomes intermingled with the genuine revenues of the legitimate business and is no longer identifiable as having originally come from the commission of a crime.

8. Espionage, or spying, is typically a white-collar crime. For example, an agent of a foreign government that wants to obtain part of Apple Inc. technology might approach an employee at Apple and offer to pay them \$10,000 if they provide a copy of the desired technology.

Addressing Corporate Culture, Legal Frameworks, and Ethical Considerations in the Context of White-Collar Crime in India: A Comprehensive Approach

White-collar crime is a pervasive issue in India, with a significant impact on society, including financial losses, damage to reputation, and harm to consumers and the environment. Despite extensive research and analysis, there remain significant gaps in our understanding of the interplay between

corporate culture, legal frameworks, and ethical considerations in this context. Addressing these gaps is crucial for a more comprehensive understanding of white-collar crime in India.¹⁴

One key gap in our understanding relates to the role of corporate culture in promoting or discouraging white-collar crime. While it is clear that corporate culture can have a significant impact on employee behaviour, the specific mechanisms through which this influence operates in the Indian context are not well understood. Further research is needed to identify the factors that contribute to a culture of compliance or non-compliance within Indian organizations and to develop strategies for promoting ethical behaviour and discouraging unethical practices.¹⁵

Another gap in our understanding relates to the effectiveness of legal frameworks in preventing and punishing white-collar crime in India. While there have been numerous high-profile cases of white-collar crime in recent years, the vast majority of these crimes go unreported and unpunished. This highlights the need for more effective legal frameworks that can detect and deter white-collar crime, as well as more robust enforcement mechanisms to ensure that offenders are held accountable for their actions.

Finally, there is a need for greater attention to ethical considerations in the context of white-collar crime in India. While white-collar offenders may justify their actions in terms of financial gain or business necessity, the reality is that these crimes often involve serious violations of ethical principles and norms. Greater emphasis on ethical considerations in business education and training, as well as in the development of legal frameworks and enforcement mechanisms, can help to promote a culture of integrity and discourage unethical behaviour.

ELABORATING ON SPECIFIC CORPORATE CRIMES

Going through the various classifications and categorization of corporate crimes, the following types of corporate crimes may be discussed:¹⁶

1. Companies Act Offences

¹⁴ <https://www.investopedia.com/terms/w/white-collar-crime.asp>

¹⁵ For example under Indian Companies Act failure to issue an altered copy of the memorandum, articles, resolutions or agreements under section 40(2) is punishable with a fine up to Rs 100 for each copy

¹⁶ It is interesting to note that most of the offences discussed in various literatures on corporate crime refer to 'Regulatory offences' as crime, they are not 'crime' within the true sense of the term.

2. Crimes relating to Securities and Securities Market
3. Environmental Crimes
4. Crimes concerning Workers and Work Safety Measures
5. Unlawful Behaviour Harming Competition and Promoting Monopoly
6. Corporations Breeding Corruption
7. Crimes relating to Intellectual Property
8. Corporate Manslaughter
9. Money Laundering
10. Computer Crime

1. Companies Act Offences: Companies Act Offences encompass a range of violations such as fraud, mismanagement, insider trading, and non-compliance with regulatory requirements stipulated under the Companies Act, 2013. Penalties for these offences vary depending on the severity and nature of the violation. For instance, fraudulent activities may attract imprisonment for a term which may extend to ten years and fines up to three times the amount involved in the fraud. Additionally, directors and officers responsible for such offences may face disqualification from holding office in a company for a specified period.¹⁷
2. Crimes relating to Securities and Securities Market: Offences in this category include market manipulation, insider trading, false disclosure, and other fraudulent activities related to securities trading. The penalties for such crimes are prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992. Individuals found guilty of insider trading, for example, may face imprisonment up to five years and fines several times the amount of profits made or losses avoided through the insider trading activity.
3. Environmental Crimes: Environmental crimes involve violations such as pollution, illegal waste disposal, and destruction of natural habitats. Penalties for environmental offences are outlined in laws such as the Environment (Protection) Act, of 1986. Companies found guilty of environmental violations may face fines, closure of operations, or imprisonment for responsible officers, depending on the severity of the offence.
4. Crimes concerning Workers and Work Safety Measures: Offences related to labour exploitation, workplace safety negligence, and non-compliance with labour laws fall under this category. Penalties for such offences are stipulated under various labour laws in India,

¹⁷ Pinto, see supra note 57 at p. 243.

including the Factories Act, of 1948, and the Contract Labour (Regulation and Abolition) Act, of 1970. Penalties may include fines, imprisonment, or closure of the establishment.

5. **Unlawful Behaviour Harming Competition and Promoting Monopoly:** Anti-competitive practices such as price-fixing, collusion, and abuse of dominance are punishable under the Competition Act, of 2002. Companies found guilty of such offences may face fines up to ten per cent of their turnover or three times the profits, whichever is higher.
6. **Corporations Breeding Corruption:** Corruption-related offences involving corporate entities are addressed under laws such as the Prevention of Corruption Act, 1988. Penalties for corruption offences may include fines and imprisonment for individuals involved, as well as blacklisting of companies from participating in government contracts.
7. **Crimes relating to Intellectual Property:** Intellectual property infringements such as piracy, counterfeiting, and trademark violations are punishable under laws such as the Copyright Act, of 1957, and the Trademarks Act, of 1999. Penalties for intellectual property offences may include fines, imprisonment, and seizure of infringing goods.
8. **Corporate Manslaughter:** Cases involving corporate responsibility for causing death due to negligence or misconduct are addressed under the Indian Penal Code and other relevant laws. Penalties may include fines and imprisonment for responsible officers or directors.
9. **Money Laundering:** Money laundering activities perpetrated by corporations are punishable under the Prevention of Money Laundering Act, 2002. Penalties for money laundering offences include fines and imprisonment, along with confiscation of proceeds of crime.
10. **Computer Crime:** Cybercrimes committed by corporations, such as hacking, data breaches, and cyber fraud, are punishable under the Information Technology Act, 2000, and the Indian Penal Code. Penalties may include fines, imprisonment, and compensation to victims.¹⁸

LANDMARK CORPORATE CRIMES;

Corporate crimes have changed the way people used to look at corporations. There is no field in which one cannot find transgressions by companies which have resulted in considerable loss and harm, be it transport, technology, pharmaceutical, financial services or other sectors of the economy.

Bhopal, BCCI, Herald of Free Enterprise, Thalidomide, Ford Pinto, Southall, Ladbroke Grove,

¹⁸ For example under Indian Companies Act failure to issue an altered copy of the memorandum, articles, resolutions or agreements under section 40(2) is punishable with a fine up to Rs 100 for each copy

Hatfield, and Potters Bar are a few examples. Recently, the shocks in the financial sectors like Enron, Tyco, Arthur Anderson, and Xerox are cases that have drawn intense media attention and have revived interest in corporate crime and what can be done to prevent its occurrence. The following pages discuss a few of the well-known corporate crimes/scandals to appreciate the problem of corporate crime.

Bhopal Gas Leak Disaster – 1984 (chemical)

On 3 December 1984 the gas leak at a Union Carbide agrochemical plant in Bhopal, central India, caused the death of 8,000 residents and caused permanent and debilitating injuries to another 150,000 in the surrounding areas. The leak was found to be due to the negligence and recklessness of the higher officials. This crime took an international dimension as the US holding company was involved.

Enron - 2001 (energy)

Enron was a bleak moment in modern corporate history. Once renowned as the most successful corporation in the United States, "Enron" is now synonymous with fraud and failure. Enron left a legacy of distrust, reforms, and heightened regulation. In October of 2001, the Houston-based energy titan announced a \$618 million third-quarter loss and a reduction of \$1.2 billion in shareholder equity. Through the use of special purpose entities, Enron inflated its reported earnings by shifting debt off the books and hiding corporate losses. Two months after disclosing that its financial statements were riddled with errors, Enron filed for Chapter 11 bankruptcy protection²¹². In the aftermath of the scandal, 6,500 Enron employees lost their jobs and pensions while Enron executives awarded themselves more than \$55 million in cash bonuses the day before the bankruptcy filing. Founder Kenneth Lay died in 2006 much before the trial, while CEO Jeff Skilling is serving a 24-year sentence. Another energy company, Dynegy, was accused of a 'round trip' fraud.

BCCI (banking - money laundering)

Bank of Credit and Commerce International in the 1980s became a banker to the world's biggest criminals:²⁸ it specialized in laundering dirty money through accounts fraudulently dedicated to that purpose. BCCI at one time was the seventh largest commercial bank in the world. Its crime had tragic effects, such as wiping out the social security fund of the nation of Gabon, leaving pension-less people who had worked all their lives²⁴⁹. Five BCCI executives were indicted in 1988 and subsequently convicted for laundering drug money after a successful sting operation by the US Customs and other

federal agencies in Florida. However, the conviction of junior employees did nothing in either country to address the systematic culture of criminality that pervaded the bank at its highest levels and to prevent the subsequent looting of billions of dollars of investors' funds. Further, the Florida plea agreement prohibited the US Attorney from charging BCCI with other crimes²⁵⁰.

Roy Bowles Case – 1998 (road transport)

An accident on the M25 motorway near London involving a transport vehicle by Roy Bowles Transport Company claimed two lives. The investigations revealed that the driver was tired and was speeding up which caused the accident. However, the main point in this case highlighted the split personality of Roy Bowles²⁵¹. The company had passed inspections and had received the required 'ISO' certificates of quality. Yet the firm encouraged its drivers to work excessively long hours and to falsify the tachometer readings that recorded their length of time at the wheel. It was self-evident and especially should have been self-evident to those in the road transport industry, that these practices greatly increased the risk of a serious accident.

Thus, while the company was, to the outside world, an exemplary and law-abiding corporate citizen, internally it was engaged in systematic and deliberate rule-breaking that entailed a high risk of injury and death for both its employees and other road users. However, it is interesting to note that as a result of this investigation, the decision was made to treat the deaths as culpable homicide. However, instead of charging the company with 'corporate manslaughter', the Crown Prosecution Service chose to charge three members of the board and Xerox deceived the public between 1997 and 2000 by employing several Xerox accounting manoeuvres," the most significant of which of the change in when "account recorded revenue from copy machine leases recognizing a "sale" in the period a lease contract was signed, instead of recognizing revenue ratably over the entire length of the contract.

On January 29, 2003, the SEC filed a complaint against Xerox's auditors, KPMG, alleging four partners in the "Big Five" accounting firm, Michael A. Conway, Joseph T. Boyle, Anthony P. Dolanski, and Ronald A. Safran, permitted Xerox to "cook the books" to fill a \$3 billion "gap" in revenue and \$1.4 billion "gap" in pre-tax earnings. As noted in the complaint: "There was no watchdog at Xerox. KPMG's bark sounded no warning to investors; its bite was toothless." Thanks to DPA, in April 2005 KPMG settled with the SEC by paying a \$22.48 million fine. As part of the settlement KPMG neither admits nor denies wrongdoing. Xerox ModiCorp, recently renamed Xerox

India, has been investigated for making "improper payments" to obtain government orders.

Blue-Collar vs. White-Collar Crimes

The difference between white-collar crime and blue-collar crime stems from the different types of criminal activity that the criminal has access to engage in.

Blue-collar crime, because of the more limited means of the people committing it, tends to be more straight-on – robbery, burglary, etc. In contrast, white-collar criminals are more often in a position – such as being a [loan officer](#) in a bank – to commit widespread and complex fraud schemes.

Conclusion

Addressing the gaps in our understanding of the interplay between corporate culture, legal frameworks, and ethical considerations in the context of white-collar crime in India is essential for a more comprehensive and effective approach to preventing and punishing these crimes. By promoting a culture of compliance, and developing more effective legal frameworks and enforcement.

Corporate crimes and white-collar crimes in India encompass a wide range of illicit activities perpetrated by corporate entities and individuals in positions of authority within organizations. These offences include violations of the Companies Act, securities fraud, environmental crimes, exploitation of workers, antitrust violations, corruption, intellectual property infringements, corporate manslaughter, money laundering, and computer crimes. In the Indian context, such crimes have far-reaching consequences, impacting not only the economy but also public health, safety, and trust in institutions. Penalties for these offences vary depending on the severity of the violation and may include fines, imprisonment, asset forfeiture, or regulatory sanctions. Efforts to combat corporate crimes require a multifaceted approach involving stringent legislation, effective enforcement mechanisms, corporate governance reforms, and public awareness campaigns.¹⁹ Despite ongoing efforts, challenges persist in detecting, prosecuting, and deterring these crimes, highlighting the need for continuous vigilance and collaboration between government agencies, regulatory bodies, law enforcement, and the private sector.

¹⁹ For example, the Companies Act 1956 (as amended) in India; Companies Act 2006 of the UK; Australian Corporations Act 2001.