



Corporation Held Criminally Responsible for Misconduct of Low-Level Employees

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Should a corporation be held criminally liable for illegal acts of its employees, even where wrongful conduct is contrary to the corporation's express instructions and/or policies? For directors, managers and shareholders alike, the answer is a scary one: the company can be held criminally responsible anytime its employees are committing illegal acts in the scope of their employment. This precise question was recently addressed by the U.S. Court of Appeals for the Second Circuit in *United States v. Ionia Mgmt. S.A.*, No. 07- 5801-cr (2d Cir. Jan. 20, 2009). The facts were not good. Greek shipping company Ionia managed (but did not own) a 600- foot oil tanker. The tanker delivered oil to ports along the eastern seaboard of the U.S. During these deliveries, Ionia's engine room crew, at the direction of their supervisors, regularly dumped oily waste water into the ocean. To make matters worse, the tanker's crew falsified entries in its oil record book to conceal the dumping, and lied to coast guard officials when an investigation ensued.

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