

Justice goes from prosecuting now to later

by UPI

WASHINGTON -- The U.S. Justice Department, in a major policy shift, has put off prosecuting more than 50 companies suspected of bad behavior, a study of records shows. Instead, companies large and small have avoided the financial and public relations cost of defending themselves against criminal charges with a so-called deferred prosecution agreement that allow the government to collect fines and appoint an outside monitor to impose internal reforms without a trial, The New York Times reported Wednesday. Deferred prosecutions has some legal experts wondering the shift led companies, particularly financial institutions under investigation for their roles in the subprime mortgage mess, to push the envelope of corporate anti-fraud laws, the Times said. Firms readily agreed to the deferred prosecutions because "clearly it avoids a bigger headache for them," said Vikramaditya Khanna, a University of Michigan law professor. Paul McNulty is the deputy attorney general who implemented new guidelines for corporate investigations at the Justice Department. With the imposition of fines and a monitor, "the reality is that for the government, it gets pretty much everything without the difficulty of going forward with an indictment," McNulty, now in private practice, told the Times.

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