

## Insights

# IS YOUR COMPANY A VICTIM OF A CRIME? WHY YOU MAY WANT TO HOLD OFF ON CALLING THE COPS

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## SUMMARY

When a company finds itself a victim of a crime, its legal team may feel uneasy picking up the phone and calling a local U.S. Attorney's Office. There is often good reason to be careful. Anne Redcross Beehler and Andrey Spektor [authored an article published Sept. 14 by \*Corporate Counsel\*](#) on strategies for companies that are victims of crimes and are considering referring the matter to prosecutors.

Compliance and legal departments are understandably guarded when dealing with law enforcement, who are often eager to build a case against a corporation and its executives. That's especially true today, as the Justice Department continues to signal its desire to prioritize these investigations. So when a company finds itself a victim of a crime, its legal team may feel uneasy picking up the phone and calling a local U.S. Attorney's Office. There is often good reason to be careful.

Much has been written about cyberattacks and the pressure the government has applied to companies to report those. But more often, corporations and their employees are victims of more conventional crimes, like embezzlement, money laundering, misuse of computers, unlawful recording, or, most common of all, fraud. The company may have been tricked into making an investment that turns out to be part of a Ponzi scheme. Or it's been duped into making a fraudulent financial transaction. Individual victims are defrauded every day, and companies are not all that different. The financial stakes and the collateral consequences for entities could, however, vary substantially.

It's important to spot the issues and develop a strategy that protects the company, without drawing the ire of law enforcement, particularly the federal government. If the company decides to report the crime, timing is also critical: report too soon and risk not seeing issues around the corner; report too late, and risk missing the opportunity to preserve evidence, prosecute the wrongdoer, and obtain restitution.

The article discusses:

1. Step 1 – determine if the company has exposure
2. Step 2 – decide if the company has reporting obligation
3. Step 3 – evaluate the advantages and disadvantages of making a criminal referral
4. Step 4 – determine the scope of the project
5. Step 5 – identify the right law enforcement partner
6. Step 6 – package the case to maximize the chance of prosecution and use the right contacts

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## MEET THE TEAM



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