

Illegal Conduct and Corporate Crimes; A Descriptive-Analytical Study

Hossam El Din Mahmoud Alden

Associate Professor of Private Law-Islamic University – Palestine.

Nizar Qashta

Associate Professor of Criminal Law at A'Sharqiyah University.

Murtada Abdalla kheiri

Professor of Civil Law, A 'Sharqiyah University, Oman.

Abstract: No modern society or legal system is devoid of regulations governing commercial companies in terms of their establishment, operation, professional and commercial activities, and eventual dissolution and liquidation. Despite the existence of this legal regulation at both national and international levels, certain issues persist regarding the occurrence of crimes and Illegal Conduct associated with these companies. This research focused on the nature of these crimes, their elements and effects, the resulting liability, and the means and mechanisms for addressing them from a regulatory and legislative perspective. The study adopted a descriptive-analytical approach, combining doctrinal legal analysis with comparative examination of relevant legislations and judicial rulings. The results highlight the urgent need to update corporate laws, enhance compliance mechanisms, and strengthen sanctions to deter misconduct.

INTRODUCTION

There is no dispute that companies have become modern legal entities of significant importance, whether they are capital companies or partnerships. Every legal system now pays great attention to their optimal regulation through specific legislation and detailed provisions, ensuring their proper functioning within the framework of the law. This, in turn, fulfills the purpose behind their creation and establishment, which is to facilitate transacts, trade, and serve humanity across all civil and commercial fields.

Most legislators around the world have been devoted to enacting legal texts and provisions aimed at organizing and protecting such companies. These provisions play a vital role in current economic and commercial fields, ensuring

proper establishment and regulation of companies, and monitoring any illegal conduct or crimes that may be committed during their establishment, management, liquidation, or during the conduct of their civil or commercial¹ activities.

There is no doubt that illegal conduct and corporate crimes have become increasingly prevalent in both Arab and global communities. This is due to the growing diversity of economic sectors witnessed by various states, wherein some individuals seek to exploit opportunities for profit through any means possible. For this group of violators or outlaws, the end justifies the means².

What is strange is that such illegal conduct is part of conduct that appear legitimate, but in reality, they serve illegitimate purposes and may even rise to the level of crimes punishable by law³.

Indeed, there is an urgent need to define and establish the criminal liability of these companies, and to subject them to the framework of criminal, economic, and other laws, similar to those of natural persons. This need has become more pressing in light of the notable increase in the number of companies, the diversity of their activities, and their involvement in almost all aspects of life, which has contributed to the rise in illegal activities and conduct carried out by these companies.

RESEARCH PROBLEM

The core issue addressed by this study is to shed light on the illegal conduct committed by companies, including the violations and crimes they engage in during the process of their establishment or the conduct of their various activities.

This primary problem gives rise to the following sub-questions:

1. What are the mechanisms and means to legalize and address the issue of companies obtaining funds through illegal means and methods, particularly when such companies are facing financial distress and seek to use this money to cover their financial deficits?
2. What are the illegal conduct and crimes that commercial companies are committed to, and what are the methods and means used to commit them, whether this conduct or crime occurs outside or inside the company?
3. How can liability be assigned for illegal conduct and crimes committed by any company member, partner, manager, or managing director?

4. What are the appropriate legal mechanisms to control and deter such violations and to preserve commercial and social public order in societies and comparative legal systems?

RESEARCH OBJECTIVES

The research aims to highlight the illegal conduct that may be committed by some companies, the crimes they commit, and the reasons that led them to commit these crimes. It also aims to identify the most significant violations and crimes committed by company owners and directors, focusing on determining the criminal liability of companies for these crimes and the appropriate penalties for the perpetrators, whether they are members, partners, or directors.

RESEARCH METHODOLOGY

The researchers preferred to adopt a descriptive and analytical approach, gathering information from relevant sources, documents, studies, research papers, books, and websites. They also analyzed and interpreted legal texts, judicial rulings, and decisions issued in this regard, and examined the nature of penalties imposed on companies that commit these illegal conduct and crimes, as well as their adequacy and appropriateness.

In addition, the study employed a doctrinal legal method to analyze statutory provisions and judicial decisions, supported by a comparative analysis between Arab and international legislations. Thematic categorization was also used to identify the most common forms of corporate crimes and regulatory gaps. This mixed approach ensures both analytical depth and practical relevance

RESEARCH PLAN

This research was divided into two chapters, as follows:

Chapter One: The Nature of Illegal Conduct and Corporate Crimes

- Section One: Definition of Illegal Conduct and Corporate Crimes
- Section Two: Types of Corporate Crimes
- Section Three: Crimes Related to the Establishment and Management of Companies

Chapter Two: The Elements of Corporate Crimes and Their Consequences

- Section One: The Elements of Corporate Crimes
- Section Two: Legal Liability Arising from the Elements of Corporate Crimes and the Legislative Mechanisms for Addressing Them

THE NATURE OF ILLEGAL CONDUCT AND CORPORATE CRIMES

Many comparative legal systems have taken care to define the conduct or violations that constitute a breach of commercial rules and related corporate laws, whether by obstructing the establishment, management, oversight, dissolution, or liquidation of companies. This has been done within a unified legal framework to avoid any situations that could negatively impact company operations, and to prevent misapplication, misinterpretation, or conflict in related legal texts and legislation.

In reality, the classification of commercial companies into several types does not prevent several from sharing the majority of violations or crimes stipulated in corporate laws. However, there are other crimes and illegal conduct that are specific to certain types of companies, and the company's specific form requires it to be subject to its own rules⁴.

SECTION ONE: DEFINITION OF ILLEGAL CONDUCT AND CORPORATE CRIMES

FIRST: DEFINITION OF ILLEGAL CONDUCT

Illegal conduct refers to acts and transacts undertaken during the establishment or liquidation of a company, or during its business and commercial activities, which aim to achieve an illegal purpose which are either not in the interest of the company or, even if they serve the company's interest, are in violation of the law or the company's articles of association. For example, a decision may be issued to distribute fictitious profits to shareholders or partners. Although this decision appears to be legal, it violates company laws and regulations. The same applies when partners enter into a fictitious contract to transfer shares. Although it appears to be legal, it is intended to achieve illegal purpose. This is an illegal act that aims either to deprive a partner of their right to manage the company when managing the company requires a certain number of shares or stocks, or vice versa. Conversely, the aim may be to reduce the partners or directors' shares or stocks to strip them of their managerial authority through a fictitious, illegal act, thus circumventing the provisions of the Company Law and the Company's Articles of Association.

SECOND: DEFINITION OF CORPORATE CRIMES

Corporate crimes refer to “violations committed by commercial companies, where the focus is on acts or omissions that undermine the protection of the economic system”⁵. In recent scholarship, the definition of corporate crime has

been revisited to emphasize its systemic impact on markets, governance, and social trust⁶. They are violations of penal provisions of a financial, economic, commercial, or professional nature, committed by companies with legal personality and an independent financial liability recognized within the state. These companies have significant economic, commercial, and social significance due to their professional activities.

In fact, corporate crimes are often not characterized by violence, but their economic and social impacts are severe. Perhaps the most important reason individuals commit such violations, in addition to their belief in the possibility of impunity, is the absence of religious restraint, social affiliation, and the concept of ethics in commercial transacts. These companies aim to achieve profit, which is the pinnacle of commerce and the ultimate goal of merchants. Modern approaches, however, emphasize that strong regulatory enforcement mechanisms are essential to deter such misconduct and reduce opportunities for corporate crime⁷. The ultimate goal of these violating companies is to collect money by any means, in accordance with the principle of "the end justifies the means." In addition, many criminal and commercial legislations fail to provide modern, deterrent provisions for such violations and crimes. This is compounded by a lack of innovation and a lack of ability to keep pace with the demands of the times and with the principles of modern commerce, which are based on the most important of which are speed and the shift toward electronic exchange and dealing.

There is no doubt that illegal acts or crimes may be committed by an individual or a group of individuals within the company, aiming to maximize profits for themselves or for the company. These acts are often done with the knowledge of partners and officials within companies, including directors and board members. In some cases, individuals may commit violations for their personal gain while claiming that their activities are sound financial or commercial activities and are in the company's benefit, in order to cover up these violations or crimes.

SECTION TWO: TYPES OF CORPORATE CRIMES

Comparative laws and legislation have provided multiple models related to corporate crimes. These laws have established numerous classifications of crimes committed by these companies, including, but not limited to, commercial fraud, illegal activities, bribery, money laundering, tax evasion, lack of a commercial license, misuse of corporate funds, black market⁸ fraud, and fraudulent misappropriation of partners' shares and the "actual" value of company stakes or shares.

FIRST: THE CRIME OF FRAUD IN COMPANY SHARES AND STAKES AND THE VALUE OF SHARES.

This crime consists of two intertwined acts: it includes an unfair and incorrect estimation of the in-kind share that exceeds the actual market value of the in-kind share, and it also includes the act of fraud. This crime occurs when partners or founders estimate an unrealistic (or exaggerated) value of the share intended to be included among the company's assets and holdings for the purpose of incorporation or for any other purpose. Such illegal conduct involves incorrect estimation of the in-kind share that constitutes the company's capital. Such illegal conduct amounts to a fraudulent crime that results in harm to many of the legal positions of other partners or shareholders in capital companies. Whereas, they are deceived by the availability of in-kind capital at a very high value, while in reality, these in-kind shares are worth less than they actually are. This illegal conduct damages their financial positions in a way that makes this conduct have a complex effect. It includes the crime of fraud and deception on one hand and harms the interests of partners and shareholders in good faith on the other hand. This leads to the founders or partners exploiting their trust to commit such crimes and illegal conduct to achieve goals and objectives that may be personal and violate the law at the same time. Furthermore, such practices pose serious risks to creditors, as they imply that the company's capital is illusory, offering no real financial guarantees. In response, many jurisdictions have enacted specific regulations to counteract such practices, most notably, requiring the use of experts to objectively assess in-kind contributions, thereby preventing overvaluation and capital simulation, and protecting the interests of the company, its partners, and third parties⁹.

SECOND: THE CRIME OF TAX AND CUSTOMS EVASION

Many commercial companies resort to illegal conduct to evade their tax liabilities by evading and failing to pay the tax legally imposed on them by the state. This conduct leads to a reduction in public revenue and state income.

This crime is manifested through various actions by company members, such as issuing fake tax invoices, submitting false accounting records, repeatedly making sales without invoices, or destroying required accounting documents. All these actions are aimed at evading tax payment, or at least obtaining undue tax reductions by paying less than the actual amount due or recovering tax amounts that were never rightfully paid in the first place. In addition to tax evasion, companies may also commit customs evasion, either by smuggling goods to avoid customs checkpoints, or by underreporting the quantity, price, or value of goods listed on purchase invoices, upon which customs duties are assessed.

There is no doubt that anyone proven responsible for this crime and whose elements are fulfilled—as we will see—will be subject to physical and financial penalties in the vast majority of comparative legal legislation. The penalty even extends to anyone who commits, attempts, incites, agrees, or assists others with the intent to evade these taxes or customs duties.

THIRD: THE CRIME OF MONEY LAUNDERING

The crime of money laundering is an act through which non-compliant companies attempt to legitimize some of the funds they obtain from illicit sources. These funds are often the result of prior financial or commercial violations, and the perpetrator seeks to give these funds a legal and legitimate appearance by spending and investing them in ways that appear legal and legitimate, despite their illicit origins. Recent studies underline that money laundering remains one of the most persistent and transnational corporate crimes worldwide, posing ongoing challenges for regulators and law enforcement¹⁰.

It is worth noting that many countries have enacted special legislation to combat money laundering, imposing severe penalties on companies and individuals who obtain funds through illegal means. They even consider the mere initiation, participation, or assistance in such crimes a separate crime, punishable by law with the same penalty as the original perpetrator in crime¹¹.

FOURTH: THE CRIME OF BRIBERY

Bribery is one of the most notorious modern crimes, especially prevalent in underdeveloped societies. It reflects the exploitation of morally weak individuals who seek favors or advantages in exchange for money or other benefits. Bribery has infiltrated all aspects of daily life, particularly commercial activities and those related to the business and conduct of companies. Its ultimate goal is to obtain illegitimate rights through illegal means. International comparative reports also highlight the importance of establishing robust corporate liability frameworks to combat corruption effectively¹². Undoubtedly, it is considered a crime that undermines public service integrity, as many contemporary legislations and legal systems have included the chairmen and members of the boards of directors of companies, associations, and institutions in which the state or public entities hold shares, as well as their employees, within the personal scope of these crimes¹³.

FIFTH: THE CRIME OF MISAPPROPRIATION OF COMPANY FUNDS

Legal systems spare no effort in monitoring company executives and directors, preventing them from using company funds for their own personal gain, thereby violating the interests of the company, and even the public interest in general. Consequently, numerous criminal penalties are imposed on any employee or member of a company who contribute to the misappropriation of company funds, as well as on anyone who appropriate or use any of the company's funds for their own use or benefit, or for a purpose inconsistent with the goals of the joint-stock company. This employee or member are legally obligated to repay the misused funds “refunded” and is held responsible for them. The court shall be entitled to order this employee or member to return these funds to the company they work for, including the legal interest associated with these funds. In addition to including this employee or member with compensation for the misconduct he committed, the compensation that will be incurred by him as a result of any criminal liability ¹⁴ arising from him.

SIXTH: THE CRIME OF MISLEADING AND DECEIT

The crime of misleading and deceit is a crime characterized by positive conduct accompanied by the perpetrator’s bad faith. It is committed by one of the contracting parties and results in harm to the rights, interests, or financial positions of others, all with the intent of achieving personal gain or benefit for the perpetrator.

The most important examples of misleading and deceit that the perpetrator may commit include the following:

1. If he knowingly includes, or allows, a false or misleading statement to be included in any company document.
2. If he deletes from the document, or allows the deletion of any matter, knowing that this will render the document in this regard incorrect or misleading.
3. If he is aware that he or a partner of the company is engaged in the conduct of its business with the intent to deceive the company's creditors or any other party, or with the intent to achieve fraudulent purposes.

Finally, it should be noted that this crime applies to members of the company's board of directors, employees, partners, and shareholders if they mislead, distort, or falsify any financial, commercial, or accounting statement related to the company, and such misleading information or data is likely to be false or misleading, or to harm its interests and financial position¹⁵.

Section Three: Crimes Related to the Establishment and Management of Companies

Crimes related to the management and administration of joint-stock companies are among the most significant crimes committed in the area of corporate misconduct and illegal violations. These crimes are often met with strict penalties, particularly due to the presence of an aggravating circumstance, represented by the special status of the persons responsible for and perpetrators of these crimes, including legal and actual directors and managing directors.

Indeed, the director or manager is the most important manager of the company, and at the same time, he is considered the most dangerous figure, as he possesses a great deal of experience and knowledge that enables him to conceal evidence of crimes he commits and prevent its perpetrator from being identified.

Obviously, many legal systems and legislation regulating criminal liability have addressed and focused on crimes committed by directors and board members in joint-stock companies. This is because joint-stock companies can be a fertile source of speculation and a tool for fraud and deception, given that those responsible for managing and supervising their operations are not easy to control and deter, and they may not be concerned with criminal accountability. However, many comparative legislations do not regulate these management crimes within the Companies Law. The same applies to the crimes of fraud, breach of trust, and forgery, which are subject to the applicable penal code, whether during the company's establishment or during its commercial activities. It should be noted that the provisions of penal codes may not encompass or extend to the various types of violations that can occur by directors. Therefore, it is imperative for legislators in Arab and foreign countries to codify and contain these violations in company laws and other related laws.

On the other hand, we find that many modern legal systems expand the definition of crimes committed by directors and managers of these companies, addressing such crimes expeditiously, without imposing deterrent criminal penalties against directors who commit crimes of breach of trust. Instead, they are content with imposing administrative penalties on these directors and managers, such as barring them from participating in the management and operation of these companies for periods of up to five years after the sentence¹⁶. This is something researchers rightly criticize, which, in our view, requires these systems to consider such crimes and the penalties imposed on them more closely, so that the crimes committed are appropriate and compatible with the penalties imposed on them.

In the same context, we find that there are crimes that may be committed by directors or board members that are punishable by the Penal Code but are not specifically provided for in corporate laws. Among the most important of these crimes are:

FIRST: THE CRIME OF BREACH OF TRUST

Breach of trust is considered a crime of assault on property. Therefore, it is consistent with the crimes of fraud and theft, as both involve the seizure of property owned by others. This means that the subject of the crime in these crimes is property. In fact, the crimes of breach of trust and fraud are similar in that the property is handed over. However, in the crime of fraud, the handing over is the result of fraudulent means, i.e., deception. However, in the crime of breach of trust, the handing over is valid. For example, a company director possesses property by the consent of the partners. If he misuses it for his own benefit without the partners' knowledge, he is committing the crime of breach of trust¹⁷, given the presence of the material elements of delivery and use, which constitute criminal intent.

The primary legislative objective in protecting commercial activity is to safeguard trust in financial transactions, which means maintaining confidence in entrusted property. Legislators aim to protect this essential value—the trust between partners, directors, and third parties. When a director abuses that trust, they undermine the foundation of commercial integrity. Given the significant responsibilities placed on company directors, civil penalties alone are insufficient. Disregarding financial trust can erode public confidence, harming investors, shareholders, and the wider economic environment.

Indeed, the economic and social interests in protecting this trust have become essential, prompting criminal legislators to strengthen the application of this protection to these interests and to protect them. Upon reviewing penal codes, we find that it contains provisions related to the crime of breach of trust to deter violators. These provisions stipulate the punishment of a director or member of a company's board of directors who manipulates the company's financial and accounting records, and such manipulation alters essential facts related to the company's financial statements. From a legal perspective, such actions constitute a felony, punishable by up to seven years in prison¹⁸. This strict approach toward punishing those in positions of trust is well-founded and supported by legal scholars and researchers.

SECOND: THE CRIME OF BANKRUPTCY

Bankruptcy essentially refers to the inability of a company—and particularly its management—to fulfill its obligations to creditors, whether this inability is due to intentional or negligent acts. This inability results in a disruption of the company's legal standing and financial position, and in turn, undermines trust in credit, potentially harming all creditors. In practice, the director of a commercial company may play a direct role in the company's bankruptcy,

thereby becoming liable for the crime of fraudulent bankruptcy or negligent bankruptcy and subject to criminal liability.

It is noteworthy that some Arab legislation, such as the Egyptian Penal Code—as amended in 2003—stipulates in Article No. (332) that "If a joint-stock company or a limited liability company goes bankrupt, its shareholders and directors shall be subject to the penalties prescribed for fraudulent bankruptcy if it is proven that they committed any of the acts stipulated in Article No. (328) of this law, or if they committed an act that resulted in the company's bankruptcy through fraud or deception." This applies particularly if they assisted in the company's failure to pay, whether by falsely declaring the subscribed or paid-up capital, distributing fictitious dividends, or fraudulently taking for themselves more than what was allocated to them in the company's contract. Although there is no explicit provision requiring a company to be commercial, this can be implicitly inferred, given that the perpetrator of bankruptcy crimes must be a merchant, and bankruptcy law applies only to merchants and commercial companies, not civil ones. Therefore, the scope of this article applies to the company's directors and managers and members of the board of directors¹⁹.

Therefore, a company's director or manager is liable for the crime of bankruptcy if they fraudulently seize the company's assets or distribute fictitious profits, resulting in the company's declaration of bankruptcy. Criminal liability is thus established against the director or manager of the bankrupt company. Although the declaration of bankruptcy is legally permissible in general, the illegal acts committed by the director—such as issuing false distributions—render this conduct a corporate crime punishable by law.

THE ELEMENTS OF CORPORATE CRIMES AND THEIR CONSEQUENCES

For criminal liability to be established, the elements of a crime must be fulfilled, whether material or moral. Thus, it is essential to identify the resulting legal consequences once these elements are proven. Therefore, we will divide this chapter into two sections. The first section addresses the elements of corporate crimes. The second section discusses the legal liability resulting from corporate crimes and the legislative mechanisms for addressing them.

SECTION ONE: ELEMENTS OF CORPORATE CRIMES

Comparative criminal laws have agreed on defining the elements of corporate crimes, limiting them to two elements: the material element and the moral element. The material element of any crime is the criminal act or criminal event, or the acts that constitute the element of physical assault directed against a legally protected object.

The moral element, on the other hand, represents the subjective side of the crime, expressing the connection between the perpetrator's mental state and their physical conduct. It is deemed present when the act is intended, particularly when it is carried out with free, conscious will and an understanding of the nature of the criminal act²⁰.

THE FIRST ELEMENT: THE MATERIAL ELEMENT OF CORPORATE CRIMES

This element represents the tangible physical acts and assaults of the crime, represented by criminal conduct²¹, for which the criminal legislator establishes an appropriate punishment. Pursuant to this element, the crime takes on the appearance of an external act that embodies criminal intent. Determining the material element of the crime has many consequences, some of which relate to the manner in which the crime occurs, and some of which relate to the description of the crime itself and its legal classification.

What is noticeable in corporate crimes is the dominance of negative crimes, as the phenomenon of criminalizing negative acts (abstention) prevails, which is mainly based on the perpetrator's failure to implement a set of obligations or failure to follow the procedures specifically set by the legislator. Accordingly, the legal basis for criminalization is deterrence and addressing the dangerous situation committed and avoiding the occurrence of harm that may be inflicted on the economic and commercial interest subject to protection. In view of corporate crimes, we find that they can be classified as crimes of danger or what are called formal crimes, in which it is sufficient to conduct criminally, which, once it occurs, is followed by a crime, regardless of the extent to which the criminal result is achieved or not.

THE SECOND ELEMENT: THE MORAL ELEMENT OF CORPORATE CRIMES

The moral element of a crime is a fundamental element of all crimes. Within the scope of corporate crimes, we find that the moral element does not retain its original standards and is often subject to less stringent requirements for proof. This is due to the legislator's tendency to prioritize economic utility and public interest over individual intent, leading to a relaxation in proving the mental element in corporate-related crimes. The criminal legislator has been keen to define the conduct imposed on individuals by granting the prosecution authority and the authority to supervise the economic and financial sector a prominent legal role in the context of criminal proceedings. It is not necessary for the perpetrator's intention to harm the state treasury or the national

economy by failing to comply with economic regulations²²; it is sufficient for the act to pose a threat to trade or the national economy.

While the general rule in criminal liability is that guilt must be established beyond a reasonable doubt, the nature of economic crimes requires a flexible interpretation of classical legal principles. This often involves moving beyond traditional definitions of public crimes and adopting modern rules that reflect the unique characteristics of economic crimes²³. Given the difficulty in proving criminal intent, this requirement may hinder effective punishment. Consequently, corporate crimes often do not require proof of criminal intent, as this element is presumed to be present upon the commission of the crime, and the perpetrator must prove otherwise. This element is present in a manner consistent with the specificity of public crimes, including corporate crimes. This approach justifies the presumption of the presence of the material element, with the perpetrator bearing the burden of proof to the contrary, as previously mentioned.

Section Two: Legal Liability Arising from the Elements of Corporate Crimes and the Legislative Mechanisms for Addressing Them

FIRST: CONSEQUENCES OF ESTABLISHING THE ELEMENTS OF CORPORATE CRIMES

There is no dispute that establishing the elements of a crime against the perpetrator entails serious and extremely significant consequences, represented by establishing liability and the entitlement to punishment in various forms. Punishment may be physical, such as imprisonment, or administrative, such as being barred from engaging in any activity or managing any company-related tasks. Punishment may also be financial, involving the imposition of fines and sums of money, or the return of any sums the perpetrator obtained illegally, as a natural consequence and financial impact of establishing the elements of the crime against him and establishing criminal liability for committing any of these corporate crimes.

SECOND: LEGISLATIVE AND LEGAL MECHANISMS USED TO ADDRESS CORPORATE CRIMES.

In practice, many national and international legal systems have introduced specific mechanisms to address such crimes. Multiple international conventions have been signed to combat and prevent these crimes, including: The United Nations Convention against Transnational Organized Crime (2000) and The United Nations Convention against Corruption (2000). Scholars also emphasize

that transnational corporations themselves play a direct role in international crimes, which requires more coordinated legal responses across jurisdictions²⁴.

In addition, there are numerous legislative mechanisms in place internationally to prevent such crimes, including agreements on extradition and transfer of sentenced persons, mutual legal assistance, and cooperation in law enforcement. This is also the case in many national legal systems, including Algeria, Egypt, and Palestine, to name a few. Palestinian legislator has focused on financial and economic crimes, specifically crimes committed by companies, with various provisions contained in various laws to limit and address them. Perhaps the most important relevant law is the Anti-Money Laundering Law of 2015, which sets deterrent penalties for companies that obtain funds through illicit means. The Palestinian Income Tax Law of 2004 also seeks to curb tax evasion, a major and frequently committed crime. It imposes disciplinary, administrative, and criminal penalties on companies that evade tax and customs duties. The Trademark Law also protects trademarks. The Competition Regulation and Anti-Monopoly Law imposes penalties on anyone who violates the law, regulations, and orders issued pursuant thereto, or discloses any competition-related secrets, including imprisonment or a fine.

This is the practice of most comparative Arab legislation. It is clear, from our perspective, that this legislation needs to be updated to keep pace with developments in the field of these crimes, which directly and critically impact the national and regional economies of these countries. Recent regional studies also stress that weak corporate governance structures significantly contribute to the persistence of financial and economic crimes in Arab and Gulf states²⁵. Accordingly, the researchers recommended that the relevant legislative authorities in all Arab countries establish a specialized prosecution office for corporate and institutional crimes²⁶. This office's work should focus on crimes committed by commercial companies or their employees, regardless of their positions or capacities. This will facilitate the handling of these crimes and cases, reduce the burden on other prosecution offices, and lead to greater specialization and professionalism in the criminal justice system.

CONCLUSION

Undoubtedly, the conclusion is the most rewarding part of any study. The value of this conclusion lies in the findings and recommendations it contains regarding crimes committed by companies, clarifying the legal implications and liability resulting from them, as well as the deterrent penalties for such crimes, and the mechanisms for addressing them to preserve the state's economic interests, on the one hand, and to avoid financial loopholes and disruptions that

have significant implications and a negative impact on the state's budget and revenues, on the other. It has become clear that these illegal acts and crimes cause significant financial and commercial damage. Therefore, we present in some detail the results and outcomes of this research, represented by the most important findings and recommendations.

In addition, the practical implications of the study highlight that strengthening compliance frameworks and criminal liability rules not only enhances corporate governance but also reinforces investor confidence and protects national economies from cross-border corporate crimes.

FIRST: FINDINGS

1. Corporate crimes are among the most prevalent crimes in the commercial and economic sphere, given the important role these companies play in building national economies. These crimes are represented by the illegal acts and crimes committed by companies.

2. Several senior management figures within the company, or any member of the company, whether the director, founder, or manager of the company, may participate in committing these crimes, regardless of the crimes committed.

3. Most corporate crimes fall within the scope of passive crimes (abandonment and abstention), and do not exhibit the characteristics of violence or force. They can be classified as dangerous crimes or what are called formal crimes according to some contemporary legal systems.

4. Tax and customs evasion, misuse of company funds, and bribery are among the most common corporate crimes and are the most prevalent among many commercial companies.

5. Bankruptcy and breach of trust are among the crimes most commonly committed by directors and managers of commercial companies.

SECOND: RECOMMENDATIONS

The researchers recommend the following:

1. The need to develop corporate laws and regulations and include the liability of management and directors in general for crimes committed by these companies, especially financial crimes, where their criminal intent is clearly evident.

2. The need to increase banking supervision over capital transfers to and from national banks, both professionally and firmly.

3. Establish specific legal controls to regulate the disclosure and transparency of financial and accounting information for various commercial companies, to facilitate the tracking of these funds and determine their legitimacy and legal status.

4. Strengthening the penal system by intensifying weak penalties and replacing them with stricter punishments, particularly for entrusted individuals

(e.g., directors, managers and all other stakeholders) who breach trust. This in itself constitutes an aggravating circumstance that calls for tougher penalties from legislators.

5. We recommend the establishment and activation of criminal investigation and inquiry institutions, staffed with individuals with the necessary financial and accounting expertise to track and audit the accounts and financial statements of commercial companies, and supporting and empowering them with financial research centers specializing in the study of corporate crimes, while enhancing the technical, professional, and modern technological capabilities of these centers and institutions.

REFERENCES

First: General References

1. Ahmed Awad Bilal, *Criminal Sin*, Dar Al-Nahda, Cairo, 1988.
2. Hosameldeen Mahmoud Elden, *Companies and Bankruptcy*, Al-Jazeera Printing and Library, Palestine, 2nd ed., 2019.
3. Abdel Wahab Al-Batrawi, *The Intellectual Basis of the Liability of a Legal Person*, Journal of Generational Studies, Iraq, 1st ed., 1992.
4. Mahmoud Naguib Hosni, *The General Theory of Criminal Intent*, 3rd ed., Dar Al-Nahda, Cairo, 1986.

Second: Specialized References

5. Zahra Nawasriya, *Types of Shares and the Position of the Algerian Legislator Them*, a study published in the Journal of Law and Society, 2023.
6. Iyad Muhammad Jad Al-Haq, *Evaluating the Role of the Corporate Controller in Regulating the Management of Public Joint Stock Companies: A Comparative Study of the Legislation in Force in the Gaza Strip and the West Bank and the Jordanian Companies Law*, Journal of the Islamic University for Islamic Studies, Volume 21, Issue 2, pp. 315-342, June 2013.
7. Rami Youssef Nasser, *Criminal Liability of Legal Persons for Economic Crimes*, Master's Thesis, An-Najah National University, Nablus, Palestine, 2010.
8. Zakari Wiss Maya Al-Wahab, *The Crime of Abusive Use of Company Funds*, Master's Thesis, University of the Brothers Matnouri, Constantine, Algeria, 2005.
9. Sirr Al-Khatim Saleh Ali, Dr. Al-Sadiq Darar Mukhtar, *Scientific Paper entitled "Businessmen's Crimes," Scientific Symposium entitled "Businessmen's Crimes," Arab Centre for Legal and Judicial Research, Beirut, Lebanon, 2012.*
10. Abdullah bin Muhammad Al-Da'i, *Characteristics and Elements of Businessmen's Financial and Commercial Crimes*, Arab Centre for Legal and Judicial Research, Beirut, 2012.
11. Affan Rabah, *Economic Penal Code*, 2nd ed., Al Halabi Legal Publications, Lebanon, 2004.
12. Mahmoud Suleiman Musa, *Criminal Liability of the Legal Person in Libyan Law*, National Book House, Benghazi, 1st ed., 1985.
13. J. Gobert & M. Punch, *Rethinking Corporate Crime*, Routledge, London, 2020.
14. J. Braithwaite, "Corporate Crime and Regulatory Enforcement", *Journal of Business Ethics*, Vol. 174, No. 2, 2021.
15. M. Levi, "Money Laundering and Corporate Misconduct", *Crime, Law and Social Change*, Vol. 81, No. 3, 2024.
16. OECD, *Corporate Liability for Corruption: A Comparative Study*, OECD Publishing, Paris, 2023.
17. G. I. Zekos, "Transnational Corporations and International Crimes", *International Journal of Law and Management*, Vol. 64, No. 5, 2022.
18. K. Al-Mutairi, "Corporate Governance and Financial Crimes in the Gulf States", *Arab Law Quarterly*, Vol. 36, No. 4, 2022.

Third: Electronic References

19. Hayat Metwally Badawi, Criminal Protection of Moroccan Commercial Companies, Legal Research, Mohamah.net, 2015
<http://www.mohamah.net/answer/33957/>.
20. Sara Nabil, Crimes Committed by Directors in Companies, Arab Forum for Human Resources Management, Egypt, 2012. Research link:
<http://www.hrdiscussion.com/hr51420.html>.
21. Abdul Qader Abdul Hafeez, Arab Efforts and Agreements to Combat Economic Crime, Riyadh, 2007. 12. Rafeh Yousef Salahat, Anti-Money Laundering in the Palestinian National Authority, Coalition for Accountability and Integrity (AMAN), Research link: <http://www.aman-palestine.org/data/itemfiles/7cf0f35553a392eedfd4e6b9c8926082.pdf>.