Richard Scrushy

Author name

Affiliations

White collar crimes refer to those nonviolent crimes that are committed by high-ranking business professionals and executives for financial gains. These criminals can be found in any sector; corporate, religious, media, medical, cyber and government. These criminals construct their practices of trickery early in their lives. Then they ignore the stated rules and start their criminal activities (Van Slyke, Benson, & Cullen, 2016). Citizens, business people, and investors always expect legal activities in business dealings (Johnston, 2014). White collar crimes severally disturb the corporation as well as business people reputation. When any such scandal is exposed then the corporation cannot survive in the business world. One of the famous white-collar criminals is Richard Scrushy who is an American businessman and the founder of HealthSouth Corporation. U.S. Securities and Exchange Commission (SEC) brought charges against him for altering the financial returns of the company. This essay will discuss the history of Richard Scrushy’s financial fraud in the context of white-collar crime and its relationship with his WC criminality.

CEO always tries to shatter the street by positioning earnings per share that are superior to the prospects of Wall Street predictors and specialists. For this, they work hard and get this dream true. Conversely, Richard Scrushy, former CEO did not work hard and took a different way. He suggested his seniors get this goal by cooking the books. He was charged to inflate earnings by more than $2 billion (“Crime in the Suites,” n.d.). According to investigations, the company was practicing this since the mid-1990s. A dozen executives of the company supplicated guilty to fraud and told that their CEO forced them to do this.

However, a jury in an Alabama courtroom declared him as not guilty. His triumph was nor for longer period of time and after four months was he accused on political corruption duties for money laundering and bribery. Former Alabama Governor Don Siegelman assisted him in this criminal activity and Richard Scrushy paid him $500,000. According to auditors, the company committed fraud of nearly $2.5 billion in fraudulent accounting entries during the period of 1996 to 2002. In regard to incorrect accounting, the deception amount was $500 million. Thus, the total fraud in the company was ranging from $3.8 billion to $4.6 billion. Along with forefather Richard M. Scrushy, there were also five former CFOs found guilty to charges.

Additionally, he was the first CEO who was charged under the new Sarbanes-Oxley Act. The Act makes CEOs and CFOs unlawfully responsible for validation of false earnings statements. As a penalty, the government seized Scrushy’s homes and collected nearly $267 million. After this scandal, the company went bankrupt and Scrushy sued the company for removing him from board meetings. Scrushy was a white collar criminal but he kept claiming his innocence all through the investigation. Even after the investigation and his sentence he kept blaming the company for all the fraud.

High-ranking business professionals and executives intricate white collar crimes. Their financial scandals are also recognized by international media. This not only disturbs their reputation but also the reputation of organizations at which these frauds are committed. These frauds also affect the community as Scrushy’s fraud affected the HealthSouth Corporation and its employees. It is not easy to prosecute these crimes as these criminals use classy ways of concealing their activities by carrying out complex transactions. Therefore, an effective crackdown on white-collar criminality is required in society. In this context, courts and legislature are going to produce draconian sentences on these activities. Scrushy was also sentenced for his fraud of deceptive accounting practices. After this fraud, now America is more conscious of the momentousness of white collar crimes.

References

Crime in the Suites. (n.d.). Retrieved from https://archives.fbi.gov/archives/news/stories/2003/november/health\_110403

Johnston, M. (2014). *Corruption, contention, and reform: the power of deep democratization*. Cambridge University Press.

Van Slyke, S. R., Benson, M. L., & Cullen, F. T. (2016). *The Oxford handbook of white-collar crime*. Oxford University Press.