

GUARANTEES FOR THE ENFORCEMENT OF CRIMINAL PENALTIES FOR LEGAL ENTITIES ACCORDING TO IRANIAN LAW

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Abstract

The acceptance of criminal liability of legal persons in criminal law systems has always been a matter of reflection and has never been explicitly legislated. The acceptance of this issue in the legislative system of Iran has also had a long process. In Iranian criminal law, until the approval of the Computer Crimes Act in 2009, the acceptance of criminal liability for legal entities continued in scattered laws in the form of exceptions. Following the enactment of the Computer Crimes Act, the legislator took the first step in accepting this liability as a principle. Eventually, after the approval of the Islamic Penal Code in 2013, the criminal liability of legal entities was explicitly introduced as a principle.

Keywords: corporate criminal liability, criminal liability of legal persons, criminal law, criminal law of Iran, Iranian criminal law

1. Introduction

A glance at the evolution of criminal law reveals that criminal behavior is a societal phenomenon, an anti-social occurrence that has existed since the inception of human societies. With the expansion of human society, criminal activities have increased.¹ There was a time when crimes such as sexual offenses and homicide were among the most significant crimes. Gradually, attention to property ownership led to the emergence of various other types of crimes, known as crimes against property. The development and evolution of human societies in various dimensions, particularly the increasing importance that economic and industrial issues have gained in this era, have led to a situation where each day, white-collar crimes such as embezzlement, fraud, and forgery become more severe. It is now widely accepted that the commission of these crimes is not limited to natural persons but also includes companies and financial institutions, generally referred to as legal entities.²

Today, hardly anyone is unaffected by dealings with legal entities. For example, few products reach consumers without the involvement of one or more legal entities in the stages of production and distribution. Moreover, in many employment contracts, a legal entity is the employer. Fundamentally, the main actors on the economic, and even political, cultural, and knowledge scenes in most countries are legal entities. On the other hand, with the occurrence of certain events in recent years, the risks posed by the behaviors of these entities to social order

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¹ Kay L. LEVINE: The external evolution of criminal law, Am. Crim. L. Rev. (2008) 45, 1039.

² Brandon L. GARRETT: The corporate criminal as scapegoat, Va. L. Rev (2015) 101, 1789.

are increasingly felt.³ Damage caused by some companies to the environment, scandals resulting from financial frauds, and the fall in the value of stocks in the stock market, causing losses to many investors, have disrupted the economic order. Even incidents such as the depreciation of the national currency and similar events have raised deep concerns about society's vulnerability to the dangers posed by legal entities. On this basis, the idea emerged that social defense policy requires the use of criminal reactions against the actions of legal entities that are strongly opposed to social order. However, there has always been doubt about implementing this policy. The imposition of criminal penalties is contingent upon establishing criminal responsibility.⁴

The acceptance of criminal responsibility by legal entities has been a contentious topic among legal scholars in various countries, particularly in the 1980s and 1990s.⁵ After years of debates between proponents and opponents, practical necessities for an appropriate response to certain committed crimes have paved the way for the acceptance of this kind of responsibility. Today, it has found its place in the criminal laws of many countries. However, the enactment of new laws or amendments to existing laws in this regard remains a subject that has given rise to opportunities in the legislative bodies of countries. This includes the United States, where such responsibility has been acknowledged since the late 19th century, and the judicial practice of the country has developed it within the framework of its common law system over the years. Nevertheless, in 2002, a new law specifically addressing this issue was passed by the Congress of the United States.⁶

In Iranian law, before the adoption of the Cyber Crimes Law in 2009 criminal responsibility for legal entities was never explicitly accepted by the legislator. In most cases, punitive measures were only considered for the managers of legal entities in response to their committed crimes. Despite this, scattered punitive measures for legal entities have been included in various laws out of necessity. Around the years 2000 to 2010, some Iranian courts have also shown inclinations towards accepting this type of responsibility. With the adoption of the Cyber Crimes Law in 2009, the trend of accepting criminal responsibility for legal entities began as a principle.⁷ Subsequently, the legislator explicitly addressed this responsibility in Article 143 of the Islamic Penal Code enacted in 2013.⁸ Article 20 of this law highlights applicable penalties for legal entities, both financial and non-financial. In terms of these penalties, it is essential to assess which one, in conformity with the nature of legal entities and the fulfillment of the objectives of penalties, is more suitable. Generally, what is crucial concerning committable crimes and attributable penalties is, firstly, adherence to the principle of the legality of the crime and penalty, and secondly, determining the scope of criminal responsibility.

³ Joras FERWERDA: The economics of crime and money laundering: does anti-money laundering policy reduce crime? *Review of Law & Economics* (2009) 5(2), 903-929.

⁴ Iheanyichukwu C. ACHUMBA – Salome O. IGHOMEREHO – Masoje O. M. AKPOR-ROBARO: Security challenges in Nigeria and the implications for business activities and sustainable development, *Journal of economics and sustainable development* (2013) 4(2).

⁵ Eric C. CHAFFEE: The origins of corporate social responsibility, *U. Cin. L. Rev.* (2017) 85, 353.

⁶ Henri HANSMANN – Reiner KRAAKMAN: The end of history for corporate law, *Georgetown Law Journal* (2000) 89, 49-78).

⁷ Batoul PAKZAD – Ghassem GHASSEMI: Cybercrimes in Iran: Perspectives, Policies and Legislations, (2012) *Proc. ISP C*, 139.

⁸ Mousavi S. D. MOJAB – Ali RAFIZADE: The Scope of Criminal Liability of Legal Entity in the Islamic Penal Code, *Journal of Criminal Law Research* (2016) 4(13), 147-169.

2. Financial Security for Enforcement

2.1. Monetary Penalty

Monetary penalty is classified among the primary or complementary punishments and is defined as compelling the convicted party, based on the verdict of conviction, to pay a specified amount of money to the benefit of the government.⁹ The conviction of a legal entity to a monetary penalty, if proportionate to the benefits derived from the wrongdoing, can be highly beneficial. Often, the financial interests held by legal entities are vast and not easily comparable to the financial resources available to natural persons. Naturally, in the case of committing a crime, the detrimental effects are more severe, and determining a proportional monetary penalty can be highly effective. It is possible that if a substantial monetary penalty is imposed by judicial authorities, it could lead to the collapse of a legal entity. In order to prevent this, informed parties may provide necessary information to the judicial authorities.¹⁰

2.2 Confiscation of Assets

Confiscation or seizure of assets refers to the government's takeover of all or part of the assets belonging to the convicted party based on a court order.¹¹ The confiscation order may be general or specific. In general confiscation, all available assets of the convicted party, including both cash and non-cash, movable and immovable, can be seized. In specific confiscation, a portion of the assets, sometimes related to the crime or the product of the crime, or instruments of the crime, is subject to confiscation. In the case of the confiscation of assets of legal entities, it appears that the intended goal of the penalty is well achieved. Especially if the activities of the legal entity involve illegal or criminal acts such as arms smuggling, confiscating the assets obtained from the commission of the crime leads to the recovery of proceeds.¹²

3. Non-Financial Security for Enforcement

3.1. Suspension of Sentence

Non-financial penalties can also be highly effective, provided that the legislator pays more attention to them.¹³ For example, the suspension of punishment or engagement in beneficial social activities, or even the reduction and transformation of the penalty, can be effective guarantees for executions. These measures, in addition to reforming the legal entity, can contribute to its rehabilitation.

⁹ Richard A. POSNER: An economic theory of the criminal law, Colum. L. Rev. (1985) 85, 1193.

¹⁰ Reinier KRAAKMAN – John ARMOUR: The anatomy of corporate law: A comparative and functional approach. Oxford University Press, 2017, 45.

¹¹ See in details: Michele PANZAVOLTA: Confiscation and the concept of punishment: can there be a confiscation without a conviction? Chasing Criminal Money: Challenges and Perspectives on Asset Recovery in the EU. Oxford: Hart Publishing, UK, 2017.

¹² Ilias BANTEKAS: Corruption as an international crime and crime against humanity: An outline of supplementary criminal justice policies. Journal of International Criminal Justice (2006) 4(3), 466-484.

¹³ Chanhoo SONG – Seung Hun HAN: Stock market reaction to corporate crime: Evidence from South Korea. Journal of Business Ethics (2017) 143, 323-351.

Suspending a penalty is considered one of the mild guarantees for executions that can serve the purpose of introducing the real offender to the judicial authorities. Alternatively, suspension can be aimed at reforming the structure of the legal entity and disciplining and penalizing internally by the legal entity.¹⁴ This, of course, should be achieved under strong and continuous supervision by controlling and supervisory forces. It can also involve engaging in public service activities, continuous participation in charitable activities, and similar efforts to reform these entities.

3.2 Public Announcement of Criminal Conviction of a Legal Entity

While the imposition of financial guarantees is highly effective in many cases, the impact and efficiency of enforcing penalties may vary in proportion to different legal entities. Applying a single penalty may be effective, or conversely, implementing multiple penalties simultaneously may not be synergistic.

The public announcement of the criminal conviction of a legal entity is one such penalty that can be highly effective in alerting and bringing attention to the legal entity. This is because monetary penalties can be compensated over time, but factors such as the legal entity's status, reputation, credibility, service, power, and influence, which are acquired over a long period, are not easily restored. In its place, this type of penalty can be highly impactful.

4. Guarantees for Restrictive Legal Provisions on Legal Entities' Rights

This guarantee for executions, determined in proportion to the severity and depth of the committed crimes, may be either temporary (restricting rights) or permanent (depriving rights). Similarly, a legal entity engaged in production activities or representing a well-known brand, if deviating from the core subject and policies of the company, engaging in hoarding, smuggling, or any criminal act in violation of the law, is recognized as a criminal and subject to punishment. It seems that, considering the frequency of committing the crime and the misconduct of the legal entity, a penalty proportional to its criminal actions should be imposed. Sanctions on production, which can be either permanent or temporary, appear to be a suitable punishment in proportion to the offense.¹⁵

4.1. Permanent Dissolution of a Legal Entity

The dissolution of a legal entity, similar to the execution of natural persons, can be interpreted in such a way that the aim of punishment is rehabilitation and reconstruction of the offender for a renewed life in society, albeit without a repetition of past crimes.¹⁶ However, when the law and society become hopeless and incapable of reforming the offender, they are compelled to eliminate them to preserve the security and tranquility of society, entirely depriving them of the right to life. In a sense, dissolution can be likened to the death of a legal entity. In the field of computer crimes, repeated offenses are a strict and ultimate reason for the dissolution of a legal

¹⁴ Amin NIKOOMANAZARI – BAGHER SHAMLO: Guaranteeing the Implementation of Legal Entities with the Emphasis on Criminal Functions in the Legal Systems of Iran, England and the United States, *Criminal Law Research* (2021) 12(1), 219-236.

¹⁵ Andrew ASHWORTH – Lucia ZEDNER: Defending the criminal law: Reflections on the changing character of crime, procedure, and sanctions, *Criminal Law and Philosophy*, (2008), 21-51.

¹⁶ Mansour RAHMDEL: Criminal Liability of Legal Persons in Iran and Germany. *Criminal Law Research* (2019) 10(1), 57-80.

entity. In another analogy, one might consider closing one of the branches or subsidiaries of a legal entity, while the main branch continues its activities, as a metaphorical dismemberment of the criminal member.

4.2. Prohibition from Occupational or Social Activities for a Legal Entity

Prohibition from engaging in a specific trade, occupation, or profession with the aim of preventing social factors is a punitive measure, where the mentioned profession or occupation contributes to those factors. Therefore, the court's ruling in the supplementary judgment serves as a deterrent. For example, when there is concern that the legal entity in question, if engaged in a specific profession that it had been involved in before, might again commit criminal acts, it is better to be prohibited from working in that profession, either permanently or temporarily, according to the decision of the competent authority. The primary goal of occupational prohibition is the prevention of crime recurrence, which is closely related to precautionary measures.

According to the third provision of Article 14 of the Computer Crimes Law of Iran, committing a crime, if considered a profession for a legal entity, is considered one of the strict reasons. In other words, it is better for individuals, whether natural or legal, to be prevented from re-engaging in a profession that poses a risk and temptation for them to commit a crime again.¹⁷

4.3. Prohibition of Increasing Capital and Issuing New Commercial Documents

One of the ways to neutralize the drawbacks of monetary penalties, especially due to currency fluctuations or the financial incapacity of a legal entity to pay them, is to impose a severe penalty against the criminal legal entity. This penalty is not in the form of cash or confiscation of assets but rather in the form of securities. This means that the convicted legal entity, for example, a commercial company, may be required to allocate a certain number of its shares, with a value equivalent to the amount of the monetary penalty for the relevant crime, as compensation to the victim of that specific crime. Alternatively, in the direction of punishment, it may be restricted from issuing any documents or increasing its capital, which are sources of power and credibility for any legal entity. For instance, in environmental crimes, shares could be allocated to environmental protection organizations, or in crimes against consumer rights, shares could be allocated to consumer protection organizations. This method proves beneficial when the financial resources of a company are limited, and a significant amount of cash penalty proportional to the severity of the committed crime cannot be applied.

However, it must be ensured that the commission of a crime by a legal entity is established, as these penalties may result from violations occurring in the formation of assemblies and compliance with the quorum requirements stipulated by the law. But since, in the context of penalties for legal entities, it cannot arise from administrative misconduct, rather it is a penalty imposed on the offender following the commission of a crime.

¹⁷ Aramesh SHAHBAZI: Technological developments in cyberspace and commission of the crimes in international law and Iran, *J. Legal Ethical & Regul. Issues* (2019) 22, 1.

5. Guarantee for the Execution of Criminal Actions of Legal Entities in Iranian Law

Before the approval of the new Penal Code in the year 2013, talking about the criminal responsibility of legal entities as a rule in our country's criminal system was exaggerated and incorrect. In the laws that were addressed to legal entities, the determination of punishment alone did not mean accepting the criminal responsibility of those entities. First, among the guarantees for the enforcement of criminal actions, a distinction must be made between punishment in the narrow sense on one side and precautionary measures on the other. Measures such as closing an institution or its temporary closure, as well as overall educational measures, are considered social defense measures and are independent of the responsibility of the actor.¹⁸

As an example of regulations addressing the criminal responsibility of individuals, reference is made to Article 79 of the Law Amending Some Articles of the Fourth Economic, Social, and Cultural Development Plan of the Islamic Republic of Iran, in the implementation of the general policies of Article 44 of the Constitution approved by the Islamic Consultative Assembly in 2007 and confirmed by the Expediency Discernment Council in 2008. This provision outlines the penalties for legal entities as follows:

- In the event of the commission of any of the crimes specified in the articles of this chapter by legal entities, their managers at the time of the commission, depending on the case, will be sentenced to the punishment prescribed in this law for natural persons;
- If the commission of a crime by a legal entity occurs as a result of intent or negligence of any of its rights holders, in addition to being subject to paragraph 1, the relevant individual will also be criminally liable in accordance with the provisions of this law;
- If any of the managers or rights holders of legal entities prove that the crime has been committed without their knowledge, or they have exerted all their efforts to prevent its commission, or immediately after becoming aware of the occurrence of the crime, they have reported it to the Competition Council or competent authorities; they shall be exempt from the punishment related to that act.¹⁹

Indeed, in the introduction of this article, the expression "punishment for legal entities" is used; however, in paragraph 1 of this article, there is still a reference to managers, and it seems that the aim of punishing legal entities is, in fact, the punishment of the managers rather than the legal entity itself. However, it appears that in the Cybercrime Law, the legislator has reached maturity and development in civil and scientific terms. According to Article 19 of this law and its second provision, which states, "Criminal liability of a legal person shall not prevent the punishment of the offender, and in the absence of the conditions specified in the Article and the non-attribution of the crime to the legal person, only the natural person shall be responsible," legal personality is given priority, and subsequently, reference is made to the liability of the natural person.²⁰ Article 20 of the Cybercrime Law addresses the guarantees for the enforcement of penalties against legal entities committing computer trespass. According to this article, "Legal entities subject to the above-mentioned article, considering the conditions and circumstances of the committed crime, the amount of income, and the results of committing the

¹⁸ Samira SOLTANI – Ahmad RAMAZANI: Criminal Liability and Crime and Punishment Proportionality in the Crime of Legal Entities, *J. Pol. & L.* (2016) 9, 61.

¹⁹ Majid B. GHAZANI: Liability of legal entities in industrial property rights in the light of Iranian law. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)* (2021) 12(13), 7845-7855.

²⁰ Mohsen SHARIFI: Criminal Responsibility of Legal Persons in the Criminal System of Iran and Germany, *J. Compar. L.* (2019) 6, 261.

crime, in addition to three to six times the maximum monetary penalty of the committed crime, will be sentenced as follows:²¹

a) If the maximum imprisonment penalty for that crime is up to five years, the temporary closure of the legal entity for a period of one to nine months, and in case of the repetition of the crime, the temporary closure of the legal entity for a period of one to five years, 'temporary closure' of the legal entity will be executed.

b) If the maximum imprisonment penalty for that crime is more than five years of imprisonment, the temporary closure of the legal entity for a period of one to three years, and in case of the repetition of the crime, the legal entity will be dissolved."

It is worth mentioning that, despite the imposition of a permanent guarantee for the enforcement of negative rights in the case of repeated offenses, the Islamic Penal Code does not specify the punishment for legal entities in the event of the repetition of a crime.

The determination of penalties for legal entities must be in line with their nature and characteristics. Therefore, the Islamic Penal Code addresses three penalties for legal entities: monetary penalties, temporary closure, and dissolution.

Monetary penalty is absolute and universal, and a legal entity will be sentenced to pay it for any committed computer trespass. The determination of the monetary penalty for a legal entity is a two-step process. In the first step, the maximum monetary penalty specified in the law for the committed computer trespass by the legal entity is taken into account. In the second step, based on the conditions and circumstances of the committed crime, the amount of income, and the results of committing the crime, a judgment is made for three to six times the maximum amount.

However, the criminal responsibility of a legal entity is envisaged for all computer crimes specified in the current criminal laws. The prediction of a conditional monetary penalty is contingent upon foreseeing this penalty for the relevant computer trespass. If a monetary penalty is not foreseen, then the options of temporary closure and dissolution should be considered. Temporary closure is applied to all committed computer trespasses by a legal entity, similar to monetary penalties, while dissolution of a legal entity is reserved for repeated computer trespasses.

If the maximum imprisonment penalty for a computer crime is up to five years (such as most trespasses specified in the Cybercrime Law), the temporary closure of the legal entity will be from one to nine months. In the case of repeated offenses, the temporary closure will be from one to five years. If the maximum imprisonment penalty for the crime exceeds five years (such as in cases of computer espionage or cyber terrorism), the temporary closure of the legal entity will be from one to three years, and in the case of repeated offenses, the legal entity will be dissolved.²²

The determination of the penalty for a legal entity depends on specifying either a monetary penalty, imprisonment, or at least one of these two for the committed trespass. Otherwise, determining the penalty for a legal entity becomes challenging. For example, if the offender has made the specified actions in Article 14 of the Cybercrime Law their profession or commits them in an organized manner, and if they are not recognized as a corruptor on earth, they will be sentenced to a maximum of both penalties specified in this article.²³

²¹ Azadeh AKBARI – Rashid GABDULHAKOV: Platform surveillance and resistance in Iran and Russia: The case of Telegram. *Surveillance & Society* (2019) 17(1/2), 223-231.

²² Mohsen ALINEJHADI – Zahra ALINEJHADI: Examining Computer Crime Scams in E-commerce. *Journal of Civil & Legal Sciences* (Ghanonyar) (2018) 2(5), 61-74. SID. [Link](<https://sid.ir/paper/259736/en>)

²³ Saleh G. CHERATI – Ismail H. TABAR – Seyed E. OODSI: Punishment Analysis of Cyber Pornography in the Iranian Criminal Justice System, *J. Pol. & L.*, (2019) 12, 107.

According to the judge's judgment, the conduct of a legal person is recognized as a corruptor on earth, a corresponding penalty must be determined. In this case, proportional penalties must be selected for both legal and natural persons, based on the concluding part of the provision that addresses the determination of the maximum of both imprisonment and monetary penalties. For a legal person, this would include both a monetary penalty and temporary closure, and for a natural person, if proven to be a corruptor on earth, a combatant penalty should be determined.

The determination of a penalty for a natural person is essential because despite the criminal responsibility of a legal person, the individual must also be held accountable for their criminal behavior, even if they claim to have committed the offense for the benefit of the legal entity and in its name. According to Article 19, Clause 2 of the Cybercrime Law, the criminal responsibility of a legal person will not prevent the punishment of the offender, and in the absence of the conditions stated in the article and the non-attribution of the crime to the legal person, only the natural person will be responsible.²⁴

Legal entities are not only criminally liable for committing computer trespasses but may also be held responsible for not complying with legal requirements in providing internet services. Criminal responsibility in this context also encompasses non-intentional behaviors. The Cybercrime Law distinguishes between service providers, classifying them into access providers and hosting service providers.

According to Article 21 of the Cybercrime Law, access service providers are obligated to filter criminal content based on technical regulations and a specified list by the working group (committee). Deliberate failure to filter criminal content will result in dissolution. If, due to negligence and indifference, they facilitate access to illegal content, they will be subject to monetary penalties ranging from twenty million to one hundred million rials for the first offense, from one hundred million to one billion rials for the second offense, and temporary closure ranging from one to three years for the third offense.²⁵

Additionally, based on Article 23 of the Cybercrime Law, hosting service providers are obliged, upon receiving an order from the working group (committee) determining the instances mentioned in the aforementioned article or the judicial authority handling a case indicating the existence of criminal content in their computer systems, to prevent further access to that content²⁶. If, due to negligence and indifference, they facilitate access to the mentioned criminal content, for the first offense, they will be subject to monetary penalties ranging from twenty million to one hundred million rials, for the second offense, from one hundred million to one billion rials, and for the third offense, temporary closure ranging from one to three years will be imposed.²⁷

The commission of criminal acts that result in irreparable damage and are usually carried out under the guise of a legal entity, utilizing and benefiting personally from its resources, and with prominent offenses such as economic trespasses and corruption, along with the

²⁴ Nazira A. MANAP – Hossein TAJI: Cyber-crimes: Lessons from the legal position of Malaysia and Iran. *International Journal of Information and Electronics Engineering* (2012) 2(3), 404.

²⁵ Asadollah YAVARI – Saeedeh MAZINANIAN – Public LAW: Privacy in Cyberspace: Islamic Republic of Iran Perspective. *Journal of Advanced Research in Law and Economics* (2020) 11(1), 208-213.

²⁶ Alihosseini HUMAYUN – Hamidreza ALIAKARAMI – Rasool AHMADIFAR: Civil Liability Regulations for Privacy in Cyberspace in Line with Information Security, *PalArch's Journal of Archaeology of Egypt/Egyptology* 18, no. 4 (2021) 2135-2155.

²⁷ Mahmoud MALMIR: Organized Cyber-Crimes, An Approach on Islamic and Iranian Legal Systems. *Journal of Basic and Applied Scientific Research* (2013) 3(3), 952-957.

proliferation of privatization and the establishment of private companies and organizations, has led the legislator in Iran to foresee criminal responsibility for legal entities.

6. Conclusion

In conclusion, it should be noted that while civil society and legal norms condemn and consider criminal acts committed by legal entities punishable, given the recent acceptance of criminal responsibility for legal entities, predefined penalties in the law may not necessarily cover all crimes committed by the aforementioned entities. It is essential to consider proportionate punishment based on their characteristics, and the absence of a specified penalty is not a reason for immunity.

Therefore, in the pursuit of administering justice in society and towards its individuals, it is necessary to seek the proportional imposition of penalties on legal entities, taking into account the frequency, detrimental effects, and consequences arising from the commission of crimes on individuals and society. Penalties must be applied in proportion to the characteristics of the entities to achieve their desired effects. If monetary penalties or public service tasks, or other penalties, are imposed repeatedly and uniformly without considering the nature and extent of their impact, they will by no means yield desirable results. While it is preferable for this penalization to be applied considering the credibility, value, and position that a legal entity holds, making the desired result more easily achievable.

While the acceptance of criminal responsibility by legal entities is indeed a significant step towards alignment with the current civil society, it is imperative to always observe the aspect of moderation in this regard. This should not become a pretext for expanding the criminalization of the actions of legal entities. Given the needs of today and the ever-growing communications, we should avoid adopting a punitive approach towards these entities. Approving various criminal laws for them could constrain their development and industrialization and hinder their integration into the global community. In every field, we must refrain from an extremist view on issues.

In order to attribute criminal responsibility to a legal entity, it must be ensured that the commission of a crime by the aforementioned entity is accompanied by evidence of its complicity. If a legal entity deviates from its formal goals and purposes, diverges from its policies and core objectives, violates explicit national laws, or selects a criminal and uncommitted manager or representative, or becomes aware of the commission of a crime by its manager or representative but takes no action, these and similar circumstances can be considered as criminal actions by the legal entity, making it liable to criminal prosecution and conviction.