



Federal Criminal Charges Dropped — But Reputations Damaged

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A recent Bloomberg News article points to a disturbing trend – a dramatic increase in ultimately unsupportable white-collar federal indictments. In recent years, a growing number of executives have been indicted for corporate crimes and then had the charges dropped. From 2006 to 2008, the most recent period available, U.S. prosecutors dismissed charges against 42 such defendants for which the most serious charge was securities fraud. That's more than twice the 20 dismissals in the prior three years, according to the Federal Justice Statistics Resource Center.

These statistics are more than numbers; they represent lives forever altered. It may take years and millions of dollars for individuals to pull themselves out from under the weight of a federal indictment, and even those who are successful are still plagued by the loss of their reputation and their career.

For example, David Stockman, a former U.S. budget director under President Reagan, spent two years fighting a fraud indictment growing out of his work at Collins & Aikman Corp, a Michigan company of which he was chairman. As detailed in [David Glovin's June 23 article for Bloomberg News](#), in order to prove his innocence, Stockman helped lead dozens of lawyers, paralegals, accountants and investigators through 15 million documents that the government turned over.

After more than a year of research, Stockman's attorneys produced a 221-page report backed by 647 footnotes and 47 binders of documents. In January 2009, less than three months after Stockman's defense delivered the report to



prosecutors, the government released a brief statement saying it had dropped the case against him “in the interests of justice.”

This is reminiscent of a statement made by another former Reagan official, ex-Labor Secretary Raymond Donovan. After his acquittal in a 1987 fraud trial, Donovan was quoted as saying, “Which office do I go to get my reputation back?”

Crime in the Suites is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

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