



## AN APPRAISAL OF CRIMINAL LIABILITY OF LIMITED LIABILITY COMPANIES IN NIGERIA

Nwamaka Adaora IGUH\*  
Kyrian Chukwuma IBE\*\*

### Abstract

*The rise of corporate activity in Nigeria's economic space has brought increased scrutiny of corporate conduct, particularly regarding criminal liability. Traditionally, the doctrine of corporate personality has shielded companies from criminal prosecution, especially for offences requiring mens rea (criminal intent). However, with the evolution of corporate law and increasing corporate malfeasance, there is a growing need to hold companies accountable for criminal acts. This study critically appraises the legal framework governing the criminal liability of limited liability companies in Nigeria. It aims to evaluate the adequacy of existing laws in attributing criminal responsibility to corporate entities and identify the legal and practical challenges hindering effective prosecution. Employing the doctrinal research methodology, the study relies on primary sources such as the Companies and Allied Matters Act (CAMA) 2020, Criminal Code, and relevant judicial decisions, as well as secondary sources like scholarly articles and legal commentaries. The analysis reveals that while Nigerian law recognizes corporate criminal liability, enforcement remains problematic due to doctrinal inconsistencies, limited prosecutorial capacity, and the difficulty of imputing intent to artificial persons. The study also finds that penalties imposed on companies often lack deterrent effect, especially in cases involving large corporations. To address these challenges, the study recommends the adoption of clearer statutory provisions, the development of corporate criminal jurisprudence, enhanced prosecutorial strategies, and stricter penalties including corporate probation and director disqualification. It concludes that an effective regime of corporate criminal liability is essential not only for deterrence but also for fostering corporate responsibility and sustainable economic development in Nigeria.*

**Keywords:** Corporation, Corporate personality, Corporate Crime, Criminal Liability, Nigeria

### 1. Introduction

The question of whether and how a corporate entity an artificial person can bear criminal liability has long been a subject of intense legal, philosophical, and practical debate. The traditional doctrine of corporate personality, as famously established in *Salomon v Salomon & Co Ltd*,<sup>1</sup> dictates that a company is a separate legal entity, distinct from its shareholders, directors, and officers. This fundamental principle of corporate law has served as both a shield and a sword allowing businesses to thrive without exposing individuals to unlimited personal liability while simultaneously raising a critical challenge: how can an entity that lacks a physical body, emotions, or intent be held criminally responsible?<sup>2</sup>

Historically, the notion of criminal liability was closely linked to the principle of *actus reus* (the guilty act) and *mens rea* (the guilty mind). Given that companies do not have a mind of their own, early legal thought resisted the idea of corporate criminal liability. However, as corporations grew in influence and became key economic actors, it became evident that some form of legal

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\*Nwamaka Adaora IGUH, Professor, Department of Human Rights Law, Faculty of Law Nnamdi Azikiwe University, Awka, Anambra State, Nigeria, +234 803 668 8518; na.iguh@unizik.edu.ng

\*\*Kyrian Chukwuma IBE, Postgraduate student, Faculty of Law, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria. Phone No. 08033420227

<sup>1</sup> (1897) AC 22.

<sup>2</sup>OC Aduma, 'Revisiting the Concept of Lifting the Corporate Veil under Nigerian Company Law' *African Journal of Law and Human Rights (AJLHR)* [2023] 7 (1) 75-82

accountability was necessary to curb corporate misconduct.<sup>3</sup> This necessity was amplified by corporate scandals, environmental disasters, fraudulent financial practices, and regulatory breaches. In Nigeria, where cases of corporate fraud, money laundering, banking crises, and environmental infractions particularly in the oil and gas sector have been rampant, the issue of holding corporations accountable under criminal law has gained unprecedented significance.<sup>4</sup> The study aims to appraise the extent to which Nigerian law provides for corporate criminal responsibility and the mechanisms for its enforcement.

## 2. The Concept of the Corporation

The emergence of corporations as independent legal entities has revolutionized commerce and industrial development globally. In Nigeria, the corporate structure, particularly that of limited liability companies, is underpinned by the Companies and Allied Matters Act, 2020. While corporations enjoy distinct legal personality, enabling them to own property, sue, and be sued in their names, this legal status also introduces complex questions about how such artificial persons can bear criminal liability. The idea that a company, an abstraction can commit a crime raises important jurisprudential and doctrinal debates.<sup>5</sup>

A corporation, particularly a limited liability company, is a legal entity created under statutory authority, enjoying a personality separate from its members. In Nigerian law, the principle of corporate personality is codified under section 42(1) of CAMA 2020, which provides that:

*As from the date of incorporation mentioned in the certificate of incorporation, the subscribers to the memorandum, together with such other persons as may become members of the company, shall be a body corporate by the name contained in the memorandum...*

This statutory provision accords the company its juristic personality, a foundation built upon the celebrated English case of *Salomon v Salomon & Co Ltd*,<sup>6</sup> where the House of Lords confirmed that a company has a legal identity distinct from its shareholders and directors. This corporate personality enables companies to function as entities capable of holding rights and incurring obligations. In civil law, this means companies can be parties to contracts and tortious claims. In criminal law, however, the implications are more nuanced. The courts have long grappled with how to impose criminal responsibility on an entity that lacks a physical body, mind, or intent in the human sense.

Despite their artificial nature, corporations act through human agents' directors, managers, employees-who function as the mind and limbs of the company. Legal theories have emerged to attribute criminal acts to companies, with the "identification doctrine" being particularly influential. This doctrine holds that the conduct and mental state (*mens rea*) of high-ranking officers can be imputed to the corporation itself.<sup>7</sup>

Thus, the legal recognition of limited liability companies as separate juristic persons is fundamental to corporate practice in Nigeria. This recognition, enshrined in CAMA 2020, lays the groundwork for corporate criminal liability, making it possible for companies to be held responsible for offences committed through or by their agents. While Nigerian law provides for such liability through a combination of statutory provisions and judicial doctrines, practical enforcement remains a significant challenge. There is a need for stronger regulatory oversight, judicial activism, and institutional reforms to ensure that companies do not abuse their legal personality to shield criminal conduct.

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<sup>3</sup>ibid

<sup>4</sup> ibid

<sup>5</sup> Companies and Allied Matters Act, 2020 (as amended), ss. 18, 42, 87, 372–375

<sup>6</sup> (1897) AC 22

<sup>7</sup> See *Tesco Supermarkets Ltd v Natrass*, (1972) AC 153; *Onyema Oil & Gas Ltd v NIDB*(1992) 1 NWLR (Pt. 219) 547

### 3. Corporate Criminal Liability in Nigeria

The criminal liability of corporations in Nigeria is recognized under various statutes, including the Companies and Allied Matters Act 2020 and the Investment and Securities Act 2025. These laws are however impotent when it comes to prosecuting artificial persons in Nigeria. The Criminal Code, a key statute that sets out crimes in Nigeria, makes no special provisions concerning the criminal liability of companies as distinct from the individual liability of members comprising the company, and this to Okonkwo casted doubt on the applicability of the concept. He further stated that there is no 'special reason why in principle a corporation should not be committed under the Criminal Code' because in his own conclusions every offence in the code starts with 'Any Person...!' and it is trite law that a company is a 'person'. It is evident from case law that a company can be prosecuted for crimes either alone or alongside their agents, officers and directors.<sup>8</sup> In *Abacha v Attorney General of the Federation*,<sup>9</sup> when the court was called upon to determine whether a company can be prosecuted for a crime, the court emphatically held that a company can be prosecuted as if it is a natural person. Corporate mens rea is said to include corporate intent, knowledge and recklessness.<sup>10</sup>

### 4. Sanctions for Corporate Criminal Liability

Historically, the only practical sanction available for corporations convicted of a criminal offence has been a fine.<sup>11</sup> Essentially, there are two reasons for this limitation in sentencing. First, corporations are legal fictions, and as such have not been subject to sanctions designed for individuals. Second, courts are reluctant to use dissolution of a criminal corporation as a sanction.<sup>12</sup>

**Fine:** A fine is a criminal sanction while a civil sanction is called a penalty.<sup>13</sup> Non-payment of a criminal fine can result in incarceration, whereas non-payment of a civil penalty cannot.<sup>14</sup> The amount of a fine varies with the severity of the offence. Fines are the most common type of sentence given. Fines can be given to organizations or companies as well as people. However, fines have been the primary method used to control corporate criminal liability. A corporation operated for criminal purposes or by criminal means should be fined at a level sufficient to strip it of all its assets.<sup>15</sup> On the other hand, a fine need not be imposed at all if it would render full victim restitution impossible.<sup>16</sup> On the other side, a fine below the recommended range should be imposed when necessary to permit restitution or may be below that range, when the corporation will be unable to pay a higher fine even on an installment basis.<sup>17</sup> A below-range corporate fine may also be fitting in light of individual fine imposed upon the owners of a closely held corporation. The criminal fines are the most common sanction. The rationale behind the use of fines in sentencing is deterrence. Corporations are presumed to act rationally in their profit-making ventures. The establishment of a system of fines is also designed to make corporate crime unprofitable, thus deterring rational corporations from criminal conduct. Unfortunately, the use of fine as a deterrence is rendered ineffective through a phenomenon known as the “deterrence trap”. The “deterrence trap” occurs when the size of the fine that is necessary to deter criminal conduct by a corporation is larger than that which the corporation is able to pay. A pecuniary sanction has the advantages of directly affecting the corporation, it generates the capital necessary for compensation or restitution to the

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<sup>8</sup> See C O Okonkwo, and M E Naish, *Okonkwo and Naish on Criminal Law in Nigeria* (2nd edn, Sweet & Maxwell, 1980).

<sup>9</sup> *Abacha v Attorney General of the Federation* [2014] 18 NWLR (part 1438) 21.

<sup>10</sup> VS Khanna, 'Corporate Mens Rea: A Legal Construct in Search of a Rationale' (1996) Harvard Law School Discussion Paper No 200 <[http://www.law.harvard.edu/programs/olin\\_center/papers/pdf/](http://www.law.harvard.edu/programs/olin_center/papers/pdf/)> accessed 20 April, 2025

<sup>11</sup> Structural Crime and Institutional Rehabilitation: A New Approach to Corporate Sentencing', (1979) 89 Yale Law Journal 354

<sup>12</sup> *ibid*

<sup>13</sup> Fines-Sentencing Council <<http://www.sentencingcouncil.org.uk/>> accessed 15 April, 2025

<sup>14</sup> United States Sentencing Commission Guidelines Manual (1992). Hereinafter referred to as (U.S.S.G.) Section 8 (1) I. The Guideline calculation that falls short of a statutory minimum or exceeds a statutory minimum must be adjusted accordingly.

<sup>15</sup> *ibid*

<sup>16</sup> U.S.S.G. Section 8(C) (3) 3.

<sup>17</sup> U.S.S.G. Section 8 (C) (3) 4

victims, it can be executed with minimum costs, and when appropriately individualized, it has a sufficiently strong impact to accomplish the scope of the punishment (especially the retributive and deterrent scopes).<sup>18</sup> Whereas the greatest threat to an individual may be loss of liberty, the greatest threat to a company is the loss of profitability. Because such a loss strikes at the essential purpose of the company, a fine holds the potential to be an effective deterrent.<sup>19</sup>

A corporation will balance the momentary gain from the offence with the loss from the potential criminal fine. Therefore, the fines must be sufficiently high to have an impact on the corporations: the amount of the fines should also take into account the financial resources of the corporation.<sup>20</sup> At the same time, fines have some disadvantages. A very high fine would have a negative effect on innocent third parts. Although a corporate manger usually commits the crime, he will be the last one to suffer the impacts of his actions. Even if adequate fines are imposed, however, other problems arise when monetary penalties are the sole sanction used to control corporate behavior. The use of fines may also work injustice on innocent parties. The real cost of a fine may be borne not by the corporation, but by the shareholders through lower dividends and by the consumers through the increase of the prices for the corporation's products. Neither of these parties has significant control over corporate-decision making. Furthermore, depending on the characteristics of the relevant market, heavily fining a corporation may lead to non-management employee layoffs as well as other forms of detriment to innocent third parties.<sup>21</sup> Thus, raising the level of fines will not prevent a corporation from passing along the penalty. The multi-divisional and often radically decentralized structure of the modern corporation also acts to weaken the deterrence value of fines. While it is the top management which sets the directives of the corporation, it is often up to the middle level managers to meet those directives. This tends to insulate the top management (which may well desire that the sordid details of 'meeting the competition' not filter up to its attention) and intensify the pressures on those below.<sup>22</sup> As a result, the top management, which is generally the most concerned with profit maximization, is often unaware of the criminal conduct by the middle-level managers. Fines alone do not address the complexities of corporate criminal behavior. Despite all its drawbacks the fine is the least expensive and most frequently applied sanction.

**Community Service:** This is one of the innovative criminal sanctions. Community service is paying the community back for harm done, through doing work that benefits the public, is the essence of community service. Sentencing courts can require corporate offenders to engage in commodity service that is 'reasonably designed to repair the harm caused by the offense'.<sup>23</sup> Community service should not be used as an indirect means to impose financial burdens on a convicted firm since a community order is a less efficient means to achieve this end than a direct fine.<sup>24</sup> Rather, courts should impose community service orders only when "the convicted organization possesses knowledge, facilities or skills that uniquely qualify it to repair damage caused by the offense."<sup>25</sup> The U.S. Guidelines endorse community service when a corporate offender can efficiently repair offense damage through its own efforts. However, the U.S. Guidelines do not identify the features that distinguish corporate community service order from remedial orders. The former are described as requiring a convicted corporation to "repair the harm caused by the offense," while the latter entail efforts to "remedy the harm caused by the offense".<sup>26</sup> While the common remedial focus is certainly present, there is little difference in the description of these types of orders

<sup>18</sup> I P Anca, 'Criminal Liability of Corporations-Comparative Jurisprudence, <<http://www.law.msu.edu/>> accessed 17<sup>th</sup> April, 2025

<sup>19</sup> J Gobert, 'Controlling Corporate Criminality: Penal Sanctions and Beyond, 2 Web JCU p. 7 (1998) <<http://www.webjcli.nd.ac.uk/1998/issue/gbert2.html>> accessed on 21st April, 2025

<sup>20</sup> *ibid*

<sup>21</sup> *United States v Danilow Pastry Co.* (1983) S.D.N.Y 563F.Supp 1159, 1166-1167.

<sup>22</sup> C Stone, 'Where the Law Ends- The Social Control of Corporate Behaviour'. *Criminal Law Review*, (1975)36

<sup>23</sup> U.S.S.G. Chapter 8, Section 8 B 1.3.

<sup>24</sup> *Ibid*

<sup>25</sup> R Gruner, 'To Let the Punishment Fit the Organization: Sanctioning Corporate Offenders through Corporate Probation (1988) 16 *American Journal of Criminal Law*, 39.

<sup>26</sup> U.S.S.G., Section 8 B1.3 and Section B. 1. 2 (a).

other than the labels used. The Sentencing Guidelines do not recommend community service for punitive or deterrent purposes alone. The Guidelines provide that compelled community service should remedy offense harm, suggesting that community service imposed for purely punitive or deterrent reasons is inappropriate.<sup>27</sup> Even with this restriction, courts can tailor community service obligations provide for some impact on corporate reputations along with remedial benefits and thereby serve punitive or deterrent goals as well as remedial ends. Corporate community service has previously entailed service obligations imposed on specific executives who were not themselves convicted of an offense. The involvement of high-level managers in corporate community service activities may be necessary for community service to have the types of reputational impacts that will have significant punitive and deterrent value. The reputation of a firm and the attitudes of its managers will be less likely to change if a firm can designate a low-level employee to perform its community service than if that service must be performed by a high-ranking corporate officer.<sup>28</sup>

**Remedial Order:** A remedial order is also one of the innovative criminal sanctions that serve important sentencing goals that are often unsatisfied through other criminal sentences. The Sentencing Reform Act of 1984,<sup>29</sup> places remedial goals at the heart of federal sentencing in the U.S. The Guidelines reflect the U.S. Sentencing Commission's view that in sentencing an organizational offender, a court must, whenever practicable order the organization to remedy any harm caused by the offense.<sup>30</sup> If for example the company involved in the corporate crime deals on delivering health and safety services, they would be required to provide health and safety services to the community or to families or to workers, that have been affected by a workplace death (s). Remedial orders were intended by the Sentencing Commission to be fallback sanction for corporate offenders, imposed only when restitution orders are insufficient to address victim injuries.<sup>31</sup> Reasons why restitution might be inadequate and remedial orders correspondingly justified include difficulty in identifying crime victims and the scope of their economic damage, the presence of small damage to numerous victims making individual recoveries procedurally inefficient, or the involvement of aesthetic or other non-pecuniary harm in an offense.<sup>32</sup> Two areas where these orders may be particularly important are food and drug violations and environmental offenses.<sup>33</sup>

**Adverse Publicity:** The publication of the decision or the adverse publicity order (which consist in the publication at the company's expense of an advertisement emphasizing the crime committed and its consequences) are also sanctions for corporate criminal activity.<sup>34</sup> This has an important deterrent effect because of the incidental loss of profits that negative publicity can cause.<sup>35</sup> By its nature, this sanction can be only an auxiliary sanction accompanying another corporate penalty.<sup>36</sup> This sanction also has a possible spill-over effect, the losses can cause the corporations to close plants or even go out of business, which in turn will negatively affect innocent employees, distributors and suppliers.<sup>37</sup> Adverse publicity diminishes corporate prestige by stigmatizing the corporation and by pulling it in an undesirable spotlight thereby facilitating unwanted investigation and regulation. In certain circumstance, adverse publicity may also cause financial loss to the company. The unique value of a publicity sanction, however, lies in its ability to target aspects of

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<sup>27</sup> B Fisse, 'Community Service as a Sanction against Corporations', (1981) *Wisconsin Law Review*, 970.

<sup>28</sup> *ibid*

<sup>29</sup> The Sentencing Reform Act of 1984 was enacted as part of the comprehensive Crime Control Act of 1984.

<sup>30</sup> U.S. Sentencing Commission, *Sentencing Guidelines Manual* (2001) 413

<sup>31</sup> M Jefferson, 'Corporate Criminal Liability: Sanctions and Remedial Action', *Journal of Financial Crime* (1996) (4) 2, 176 <<https://www.doi.org> > accessed on 20<sup>th</sup> April, 2025.

<sup>32</sup> *Ibid*

<sup>33</sup> R S Gruner, 'Beyond Fines: Innovative Corporate Sentences under Federal Sentencing', *Washington University Law Quarterly* (2013)71 (4) 261

<sup>34</sup> *ibid*

<sup>35</sup> *ibid*

<sup>36</sup> I P Anca, 'Criminal Liability of Corporations – Comparative Jurisprudence', <<http://www.law.msu.edu/>> accessed 15 April, 2025

<sup>37</sup> I P Anca, 'Criminal Liability of Corporations – Comparative Jurisprudence', <<http://www.law.msu.edu/>> accessed 15 April, 2025

corporate welfare that cash fines cannot directly affect.<sup>38</sup> Adverse publicity can also exploit the sensitivities of corporate management who value prestige and autonomy as end in themselves, not merely as means to profits. Corporate executive is thought to be highly deterrable by adverse publicity because those in high status occupations have more to lose in social standing and respectability by having their reputations tarnished.<sup>39</sup> Large scale market-surveys of consumer attitudes also support the existence of a direct relationship between corporate reputation and firm performance.<sup>40</sup> They report that most consumers claim that brand quality, company image and reputation have a significant impact on their purchasing decisions. Companies fear the string of adverse publicity attacks on their reputation more than they fear the law itself.<sup>41</sup>

**Corporate Probation:** As part of Federal Organisational Sentencing Guidelines enacted on November 1, 1991, the United States Sentencing Commission included organizational probation. This sanction allows courts to place convicted corporations on probation, with conditions designed to reduce the likelihood of future law violations and remedy the effects of the original offense.<sup>42</sup> Organizations cannot be incarcerated. Probation is one of the criminal sanctions available to them.<sup>43</sup> Probation for organizations was formally codified into Federal law in November 1991, when the U.S Sentencing Commission added Chapter 8 to the U.S Sentencing Guidelines. Unfortunately, the legal soil in which Parsons tried to root his precedent, the Federal Probation Act of 1925 was tenuous because it was intended originally for the rehabilitation of individuals, not organizations. As a result of this weakness, probation sentences for organisations often were successfully appealed on the grounds that they were not aimed solely at monitoring fine collection.

**Dissolution or Winding Up:** Dissolution or winding up represents the capital punishment for corporations. Winding up of a company involves the liquidation of the company so that the assets are distributed to those entitled to receive them. In the case of *Oredola Okoya Trading Co v B.C.C.I.*<sup>107</sup>, the court held that liquidation is distinguishable from dissolution which is the end of the legal existence of a corporation. Liquidation may precede or follow dissolution. However, the court went ahead to state that mere revocation of banking license of a bank without more cannot bring to an end the juristic life of a bank or corporation. Firstly, too small or closely held corporations, dissolution alone does not prevent the controlling parties from simply regrouping in a new form. Secondly, as to large corporations, the socially disruptive effects of the dissolution of a whole corporation would generally be so great as to outweigh its benefits. Winding up or liquidation is putting an end to the life at a company. A winding up may be affected in any of the following ways; by the federal High court, voluntarily; or subject to the supervision of the court.<sup>44</sup>

## 5. Judicial Attitude to Corporate Criminal Liability in Nigeria

In Nigeria, the courts have leaned towards the stand of English courts with reliance on the alter ego principle to attribute acts of senior officers, managers and directors of the company to the company itself. In *Aderemi v Lan and Baker Nigeria Ltd*,<sup>45</sup> Aderemi JCA stated that by recognizing the separate personality of the company, the law has drawn a veil of incorporation and he opined that 'it is now settled law that the directors or managers are those whose decisions can be attributed to

<sup>38</sup> K Yeung, 'Is the Use of Informal Adverse Publicity a Legitimate Regulatory Compliance Technique?' Australian Institute of Criminology <<https://www.aic.gov.au/>> accessed on 20 April, 2025.

<sup>39</sup> A Cowan, 'Scarlet Letters for Corporations? Punishment by Publicity under the New Sentencing' Guidelines Southern California Law Review, (1992) 65 (3) 2387.

<sup>40</sup> I Devine and P Halpern, 'Implicit Claims: The Role of Corporate Reputation in Value Creation' (2001) 4 Corporate Reputation Review, 42.

<sup>41</sup> B Fisse and J Brithwaite, *The Impact of Publicity on Corporate Offenders* (New York State University of New York Press, 1984) p. 10.

<sup>42</sup> W S Lofquist, 'Organisational Probation and the U.S Sentencing Commission, Sage Journals, <<http://www.journals.sagepub.com/>> accessed 20 April, 2025

<sup>43</sup> G Green, *Organisational Probation under the Federal Sentencing Guidelines*, <<http://www.uscourts.gov/>> accessed 19<sup>th</sup> April, 2025

<sup>44</sup> CAMA 2020, Sections 564

<sup>45</sup> *Aderemi v Lan and Baker Nigeria Ltd* [2000] 7 NWLR (part 663) 51.

the legal fiction'. He concluded that 'there is nothing sacrosanct about the veil of incorporation'. He further asserted that the court must be ready and willing to open the veil of incorporation to see the characters behind it, if justice must be seen to be done. In another Nigerian decision the court in *PFS Ltd v Jefia*<sup>46</sup> stated, 'the court will lift the veil of incorporation of any company to find out who was behind the fraudulent and improper conduct of the company'. This will be necessary where the canopy of legal entity is used to defeat public convenience, justify wrong, perpetuate and protect fraud and crime. Also, where a company was involved in reckless and fraudulent trading activity tainted with fraud, the court can pierce the veil of incorporation. Furthermore, both the Criminal Code Act and the Penal Code Act included corporations in the definition of persons.<sup>47</sup>In Aderemi JCA's conclusions every offence in the code starts with 'Any person....' and it is trite law that a company is a 'person'. Just as individual knowledge is the key element for determining individual *mens rea*, organizational knowledge should be the most important factor for establishing corporate *mens rea*.<sup>48</sup> With respect to organizational knowledge, it has been described in the following words: The core of organizational knowledge is not located in the 'minds' of individuals, but in the relations and links between different knowledge elements within the organization. These links constitute an independent organizational knowledge.<sup>49</sup>

Presently, in offences that require the proof of *mens rea*, corporations are easily made liable by imputing the state of the mind of eg the directors who are the alter ego and directing mind of the corporation. In other instances, corporations have been vicariously and criminally held liable for the acts of such junior employees as drivers, clerks or cashiers. This is done through either the law of agency or labour law which makes the principal liable for the act of its agent and the master liable for the act of its servant.

With respect to what should be known as corporate actus reus, Diez<sup>50</sup> posits that the actus reus of corporate misconduct should be some kind of organizational conduct as opposed to individual conduct.<sup>51</sup> To establish criminal liability against a person, these two concepts must be proved jointly. In *Moore v I Bresler Ltd*,<sup>52</sup> the general manager and sales manager, with intent to defraud the company, sold certain goods of the company and made false purchase tax returns on the sale, with intent to deceive contrary to section 35 of the Finance (No 2) Act 1940 (UK). The company was convicted. The decision was upheld by the Divisional Court that held that the officers were acting within the scope of their employment in making the sale and false returns and the fact that their action was intended to defraud the company made the company no less liable.

One of the first major assessments in Nigeria pointing out corporate criminal liability was the case of *R v Attorneys for Anglo-Nigeria Tin Mines Ltd*.<sup>53</sup> In that case, an offence created by the Minerals Ordinance was in issue. Berkley J stated that, at common law, it is impossible to charge a firm as having committed offences. He stated further that there should be an individual who will be liable for the offence committed. He admitted that in modern times, certain statutes have come in force, which renders corporate bodies liable to penalties in certain event. He concluded that this was true after studying the provisions of the Ordinance and its amendments.<sup>54</sup> This case set the precedent for

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<sup>46</sup>*PFS Ltd v Jefia* [1998] 3 NWLR (part 543) 60.

<sup>47</sup> Special provisions are made for the criminal procedure applicable to corporations in both statutes. See Criminal Procedure Code, part VIII Chap XXVII; Criminal Procedure Act, Chap 11 part 51 and Administration of Criminal Justice Act 2015, part 47.

<sup>48</sup> C Gómez-JaraDiez, 'Corporate Culpability as a Limit to the Over-criminalization of Corporate Criminal Liability: The Interplay Between Self-Regulation, Corporate Compliance, and Corporate Citizenship' (2011) 14 NCLR 1, 86.

<sup>49</sup>H Willke, *Systemtheorie III: Steuerungstheorie* (2nd edn, UTB 1998) 283.

<sup>50</sup>A Eseni Udu, 'Exposition of the Concept of Lifting the Veil of Incorporation for Improved Corporate Management in Developing Countries: The Nigerian Perspective' (2018) 71 JLP 9.

<sup>51</sup> Ibid

<sup>52</sup>*Moore v I Bresler Ltd* [1944] 2 All ER 515

<sup>53</sup>*R v Attorneys for Anglo-Nigeria Tin Mines Ltd* [1926] 10 NLR 69.

<sup>54</sup>ibid

subsequent cases on the same subject matter pointing out that corporations as well can be held to be criminally liable.<sup>55</sup>

## **6. Challenges in Enforcing Corporate Criminal Liability in Nigeria**

Corporate criminal liability enforcement in Nigeria faces several challenges that undermine its effectiveness. One of the most fundamental issues is the attribution of criminal intent, as the current legal system recognizes that corporate persons, though juristic, can be held liable for criminal infractions, yet it remains difficult to identify the person who should be punished for committing the corporate crime.<sup>56</sup> This makes it challenging to prove the mental element (*mens rea*) required for criminal liability when dealing with artificial legal persons. Another major problem lies in inadequate statutory provisions, since Nigeria's legal framework lacks comprehensive laws specifically designed for corporate criminal liability. The Criminal Code Act, applicable in the southern states, and the Penal Code, applicable in the northern states, were originally crafted for individual offenders, which creates significant gaps when applied to corporate entities.

In addition, the judicial approach has been inconsistent, as courts have often struggled with the application of corporate criminal liability principles. The absence of clear precedents and uniform guidelines has resulted in conflicting judicial interpretations, which makes enforcement unpredictable and sometimes ineffective. Resource constraints also play a major role, as Nigerian law enforcement agencies often lack the specialized skills, technology, and financial capacity required to investigate complex corporate crimes. In particular, corporate financial crimes demand sophisticated investigative techniques, which many agencies cannot deploy effectively, thereby weakening the ability to build strong cases against corporations. Moreover, the penalties imposed on companies often lack a deterrent effect, especially in cases involving large corporations. Finally, the weakness of the corporate governance framework compounds the problem, as the absence of robust governance standards blurs lines of accountability within corporations, making it difficult to attribute liability either to specific individuals or to the company as a whole.

## **7. Conclusion and Recommendations**

### **7.1 Conclusion**

The evolution of corporate personality has brought with it profound implications for the administration of criminal justice, particularly in the context of limited liability companies in Nigeria. The doctrine that recognizes companies as separate legal entities has been instrumental in fostering economic growth and commercial innovation. However, it has simultaneously created a veil that unscrupulous actors sometimes exploit to commit crimes with relative impunity. The critical appraisal of the criminal liability of limited liability companies in Nigeria reveals a legal framework that is conceptually sound but practically weak, suffering from judicial hesitation, statutory ambiguities, and institutional deficiencies.

At the heart of the problem is the difficulty in attributing *mens rea*-an essential element of most criminal offences-to artificial entities. Nigerian courts have primarily relied on the identification doctrine, which focuses on the actions and intentions of those who constitute the "directing mind and will" of the company. However, this doctrine is narrow in scope and often fails to reflect the realities of modern corporate decision-making, which tends to be dispersed and bureaucratic. Moreover, the reliance on strict liability offences for prosecuting companies, while convenient, undermines the moral blameworthiness that is central to criminal law.

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<sup>55</sup> R v Service Press Ltd, [1952] 20 NLR 96; Mandillas and Karaberis Ltd v Inspector General of Police <sup>55</sup>[1958] 1 NSCC 70.; IBWA v Sasegbon [2007] 16 NWLR (part 1059) 195, 216.

<sup>56</sup> A Abhulimhen-Iyoha, 'A Comparative Analysis of Corporate Criminal Liability in Nigeria and Other Jurisdictions (2020)11 *Beijing Law Review*, 429

## 7.2 Recommendations

1. **Legislative Reform and Codification:** Nigeria should codify a comprehensive legal framework specifically addressing corporate criminal liability. This framework should go beyond general criminal statutes and provide clear rules for attributing liability, setting penalties, and delineating procedural safeguards.
2. **Adoption of a Composite Liability Model:** The strict identification doctrine should be re-evaluated in favour of a composite model that includes principles of vicarious liability and corporate culture.
3. **Institutional Capacity Building:** The capacity of law enforcement and regulatory agencies must be enhanced through better funding, training, and technological support. A well-resourced prosecutorial authority with specialized units in corporate crime can significantly improve the rate and quality of prosecutions.
4. **Establishment of Corporate Sentencing Guidelines:** Courts should be equipped with structured sentencing guidelines for corporate offences, taking into account factors such as the gravity of the offence, the company's compliance history, cooperation during investigations, and remedial efforts.
5. **Encouragement of Internal Compliance and Whistleblower Mechanisms**  
Companies should be legally mandated to establish robust internal compliance systems and ethical governance frameworks. Additionally, laws protecting whistleblowers must be enforced to encourage internal reporting of corporate wrongdoing.
6. **Judicial Activism and Awareness**  
The judiciary must embrace a more progressive interpretation of corporate liability, one that balances the sanctity of corporate personality with the imperatives of justice and public accountability. Continuous judicial training and exposure to international best practices will facilitate this transformation.