

## *Original Paper*

# Study on the Coordination between Investigation and Prosecution of Securities Cases from an Investigative Perspective

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### **Abstract**

*This paper focuses on “Study on the Coordination between Investigation and Prosecution of Securities Cases from an Investigative Perspective”, exploring critical issues in the coordination of investigation and prosecution in securities markets. Through literature review and case analysis, it examines the current research status, challenges, and the pivotal roles of legal, technological, and social factors in optimizing the process. Research methods include case analysis and comparative studies, delving into strategies and outcomes across different contexts. Finally, it summarizes the main findings and outlines future research directions in technological innovation and institutional optimization.*

### **Keywords**

*Securities cases, investigation, prosecution coordination, legal and institutional factors*

## **1. Introduction**

In modern society, the smooth operation and stable development of securities markets are crucial for healthy economic growth. However, these markets face numerous challenges, including complex legal and administrative procedures. Among these challenges, the coordination between investigation and prosecution of securities cases stands out prominently. It not only affects judicial fairness and efficiency but also directly impacts trust among market participants and the stability of market order. This paper aims to explore how to optimize the process of investigation and prosecution of securities cases through in-depth analysis and discussion, enhancing judicial efficiency and safeguarding market fairness. Firstly, it reviews and summarizes the latest research results and theoretical advances in the investigation and prosecution of securities cases globally. Secondly, it examines existing issues and challenges in current research, such as legal complexities and the application of evidence collection technologies. Lastly, it proposes optimization strategies grounded in legal, technological, and social factors, offering new insights and methods for the investigation and prosecution of securities cases.

Through these efforts, this paper seeks to provide theoretical support and empirical analysis to enhance securities market regulation, promoting healthy development of securities markets and stable socio-economic growth.

## **2. Research Status and Analysis**

### *2.1 Domestic and International Research Status*

The coordination between investigation and prosecution of securities cases has long been a focal point in academic and judicial practices globally. Scholars both domestically and internationally have conducted extensive research, addressing various aspects from legal frameworks and technological tools to societal impacts. Domestic research primarily focuses on the development and optimization of legal frameworks, such as refining definitions of securities violations and procedural enhancements. For instance, China's securities market has progressively standardized and professionalized the legal definitions and investigative procedures concerning insider trading and market manipulation. Additionally, domestic studies emphasize the practical effects of technological applications in case investigations, such as the use of data analytics and artificial intelligence to enhance efficiency and accuracy in evidence collection and analysis (Schneider, 2006, pp. 285-312). In contrast, international research places greater emphasis on cross-border collaboration and information sharing in diverse cultural contexts. It explores optimization strategies for investigation and prosecution coordination under different legal systems. For example, the experiences of the United States and European countries in financial market regulation and anti-corruption serve as valuable benchmarks, particularly in practices related to legal norms, judicial transparency, and technological innovation. In summary, significant progress has been made in the research of investigation and prosecution coordination in securities cases both domestically and internationally. However, challenges persist in areas such as legal implementation, technological applications, and international cooperation. Future research efforts should deepen interdisciplinary collaboration, combining empirical analysis with theoretical exploration to contribute more theoretical and practical insights toward enhancing the rule of law and judicial efficiency in securities market regulation.

### *2.2 Analysis of Existing Issues*

Current securities market regulation faces multifaceted challenges and issues concerning the coordination between investigation and prosecution of securities cases, impacting judicial fairness and market order maintenance. Firstly, one of the primary challenges lies in legal and institutional aspects. Different countries or regions have varying definitions and penalty standards for securities market violations, leading to legal complexities and judicial uncertainties in cross-border case cooperation. For instance, achieving uniformity in legal and institutional approaches across international capital markets involving multi-national transactions requires further exploration and coordination. Secondly, inadequate technological support and information management pose significant challenges. Despite advancements in technologies such as data analytics and artificial intelligence in securities case

investigations, issues persist in integrating technological platforms, sharing data securely, and ensuring privacy protection (Mahoney, 2009, pp. 325-347). These factors constrain the efficiency and accuracy of investigations and outcomes. Thirdly, societal factors such as public opinion and trust among market participants also influence investigation and prosecution coordination. Increasing public expectations for judicial fairness and transparency, coupled with the trust of market participants in regulatory oversight, directly impact efforts in maintaining and building market stability and investor protection through the handling of securities cases. In conclusion, addressing the legal, technological, and societal challenges in investigation and prosecution coordination of securities cases requires collaborative efforts among government entities, academia, and market participants. By optimizing legal regulations, innovating technological solutions, and guiding public opinion, a more efficient and fair securities market regulatory system can be established.

### *2.3 Theoretical Foundation of the Study*

This study explores the process of coordinating the investigation and prosecution of securities cases based on multiple theoretical foundations. Firstly, legal and institutional theories play a crucial role in defining and handling securities violations. Using comparative legal system and legal implementation effectiveness assessment theories, this study analyzes the strengths and weaknesses of investigation and prosecution coordination under different legal frameworks, aiming to explore how legal norms can enhance judicial efficiency and fairness. Secondly, the study focuses on the core of technological support and information management theories, drawing on the theoretical foundations of data analytics, artificial intelligence, and big data technologies. It explores how advanced technologies can optimize evidence collection, case analysis, and action execution to improve the efficiency and accuracy of investigations (Coburn, 2006, pp. 348-368). Lastly, social impact and public participation theories are considered as another important perspective. Based on social psychology and public policy theories, the study analyzes the influence of public opinion on the investigation and prosecution of securities cases, discussing how rebuilding public trust and market participant trust can promote market stability and sustainable development. In summary, through the integrated application of these theoretical foundations, this study aims to deeply analyze the complexities of investigation and prosecution coordination in securities market regulation, providing theoretical support and empirical analysis to construct an efficient, fair, and transparent securities market regulatory system.

## **3. Theoretical Framework**

### *3.1 Legal and Institutional Factors*

The legal and institutional factors framework of this study aims to analyze and evaluate the impact of different legal systems on the coordination of investigation and prosecution of securities cases. Firstly, by comparing legal frameworks across different countries or regions, it delves into their differences and consistencies in defining and handling securities violations. For example, the United States, as one of the world's largest securities markets, emphasizes strict evidence collection and transparent legal

procedures to ensure judicial fairness and legality. In contrast, European countries under the EU legal system adopt unified regulatory standards and legal norms, emphasizing the importance of cross-border cooperation and information sharing. Secondly, the study focuses on challenges in legal implementation processes, such as the flexibility of legal application, legal requirements for evidence collection, and legal complexities in administrative cooperation. In different legal environments, judicial institutions may face various pressures from political, economic, or cultural perspectives, influencing the effectiveness of legal enforcement and judicial fairness. Lastly, it evaluates the role of legal and institutional factors in promoting judicial efficiency and safeguarding judicial fairness. By analyzing the operational realities of different legal systems in investigation and prosecution coordination, it explores their effectiveness in enhancing regulatory efficiency, safeguarding investor rights, and maintaining market order. Moreover, the study aims to discuss how legal reforms and institutional optimizations can further enhance the rule of law and enforcement effectiveness in securities market regulation, providing theoretical support and policy recommendations for constructing a just, transparent, and stable securities market regulatory system. Through this theoretical framework of legal and institutional factors, the study strives to provide in-depth theoretical analysis and empirical research to optimize the process of investigating and prosecuting securities cases, promoting the advancement and improvement of securities market regulatory systems to meet the complex challenges of international financial markets (Strader, John & Mihailis, 2021).

### *3.2 Technological Support and Information Management*

The technological support and information management framework of this study focus on the application of modern technologies to optimize the investigation and prosecution of securities cases. Firstly, it explores the practical applications of data analytics, artificial intelligence, and big data technologies in securities market regulation. These technologies not only enhance the efficiency of evidence collection but also enable rapid identification of potential market manipulation and fraud patterns through data mining and pattern recognition technologies, thereby strengthening the monitoring and handling capabilities of illegal activities. Secondly, the framework addresses the integration and optimization of technological platforms, discussing how information management systems can enhance case information sharing and data security. Modern information technology platforms facilitate inter-departmental and inter-agency information sharing and ensure the security and privacy protection of sensitive case information through data encryption and access control technologies (Bennett et al., 2006, pp. 55-88). Lastly, it evaluates the potential of modern technologies in improving investigation efficiency, reducing costs, and enhancing regulatory transparency. By introducing intelligent monitoring systems and early warning mechanisms, it can monitor market transactions and abnormal behaviors in real-time, enabling timely responses to market risks and effectively maintaining market order and investor interests. Through the theoretical framework of technological support and information management, this study aims to explore and promote the digitalization and intelligence of securities market regulatory systems. By enhancing technological

application levels and management efficiency, it provides theoretical guidance and policy suggestions for constructing an efficient, transparent, and trustworthy securities market, promoting the modernization transformation of securities market regulation.

### *3.3 Social Factors and Judicial Fairness*

The social factors and judicial fairness framework of this study aims to explore the significant influence of social backgrounds and public opinion on the investigation and prosecution of securities cases. Firstly, it analyzes the degree of social support for judicial fairness and its impact on case handling. Social backgrounds include public opinion environments, political atmospheres, and public expectations for the effectiveness of law enforcement. In different social backgrounds, the judicial system may face various pressures from political, economic, or cultural levels, which may affect the depth of case investigation and the fairness of prosecution. Secondly, the study explores the role and influence of public opinion in the investigation and prosecution of securities cases. Public attention and media-driven public opinion often have a significant impact on judicial transparency and fairness. For example, public reactions to media reports may shape the public image of cases, influencing the credibility and legality of legal procedures. Therefore, understanding and guiding public opinion, strengthening public participation and supervision, are crucial for maintaining judicial fairness and rule of law society. Lastly, the study evaluates the role of social factors in building a rule of law society and maintaining market order (Moohr, 2004, pp. 165-220). By analyzing the interaction between legal systems, government policies, and public participation, it discusses how to enhance regulatory efficiency and credibility through legal frameworks and social support. Considering the influence of social factors on judicial fairness, the study aims to provide in-depth theoretical support and empirical research for constructing a just, transparent, and stable securities market regulatory system, promoting sustainable development and rule of law in international securities markets.

## **4. Research Methods**

### *4.1 Case Study Method*

In this study, the case study method will be employed to explore in depth the practical situations and issues related to the investigation and prosecution linkage of securities cases. Case study is a research method that systematically collects, analyzes, and interprets individual instances, suitable for detailed exploration of complex phenomena and deriving general conclusions. Specifically, a representative and influential securities case will be selected as the subject of study, such as:

Case Name: Enron Corporate Financial Scandal

Case Background: Enron Corporation was once one of the largest energy companies in the United States, bankrupted in 2001 due to extensive accounting fraud and false financial reporting. This case involved numerous legal litigations and regulatory investigations, becoming internationally recognized as a major financial scandal case.

Research Method: Through the case study method, the study will delve into the legal processes, application of technical support, and societal influence on the investigation and prosecution linkage in the Enron corporate financial scandal. It will discuss legal aspects such as the application of laws and regulations, evidence collection, and judicial fairness. From a technical perspective, it will analyze the role and challenges of information technology in case investigations. Additionally, it will evaluate public scrutiny and responses regarding transparency and fairness in the case handling process. Through case analysis, this study aims to deeply understand and analyze complex issues in securities market regulation, providing theoretical and empirical support for enhancing regulatory efficiency.

#### *4.2 Comparative Study Method*

This study will employ a comparative research method to analyze the legal systems and implementation effectiveness in securities case investigation and prosecution linkage across different countries or regions. Comparative research method is suitable for contrasting and analyzing multiple legal, technological, and social factors to reveal similarities, differences, and influencing factors. Specifically, the study will conduct in-depth comparisons among the following countries or regions:

United States: As one of the largest global securities markets, the United States has rich experience and a mature legal framework in securities case investigations and litigation.

Europe: Including representative countries such as the United Kingdom, Germany, or France, focusing on their securities market regulatory practices and legal systems under the EU legal framework.

Asia: For example, China, Japan, or Singapore, analyzing characteristics and challenges in legal application, technical support, and societal responses during securities case investigations and prosecution linkage.

The comparative study will analyze from the following perspectives:

Comparison of Legal Frameworks: Discussing differences and similarities among countries in securities market regulatory legal systems, evidence collection standards, and legal procedures, including transparency and efficiency in court trials.

Comparison of Technical Support: Analyzing differences in information technology, data analysis, and artificial intelligence applications, evaluating their impact on efficiency in securities case investigations and evidence management.

Comparison of Socio-Cultural Factors: Evaluating public expectations and responses to legal enforcement and judicial fairness under different societal and cultural backgrounds, discussing their actual impacts on case investigations and prosecution linkage.

Through the comparative research method, this study aims to deeply analyze the diversity and commonalities in global securities market regulation, providing theoretical support and policy recommendations for handling transnational securities cases. This contributes not only to enhancing international cooperation and development in securities market regulation but also offers profound case analyses and accumulated experiences for academic research in related fields.

## 5. Case Study and Discussion

### 5.1 Case Study: XYZ Company Financial Fraud Case

Case Background: XYZ Company, a global technology enterprise known for its innovative products and services, has recently come under scrutiny due to severe financial fraud in its financial reporting. This has sparked widespread attention from investors and regulatory agencies. The company is accused of overstating revenue and profits in its financial statements, which significantly diverge from actual operational conditions.

Analysis of Legal Regulations and Regulatory Mechanisms: In this case, securities regulatory agencies such as the U.S. Securities and Exchange Commission (SEC), financial regulatory bodies in European countries, and other relevant institutions will play critical roles. The SEC may intervene to conduct a comprehensive examination of the company under the Securities Act and related regulations. Legal terms such as false statements, fraudulent behavior, and market manipulation will play crucial roles in the case proceedings.

Application of Technical Support: In securities case investigations, technical support is indispensable. Data analysis tools like artificial intelligence and machine learning algorithms can help detect abnormal patterns and data inconsistencies, aiding in uncovering potential issues in the company's financial reports. Additionally, the collection and analysis of electronic evidence are critical steps, ensuring the integrity and reliability of evidence through digital forensic methods.

Public Opinion and Public Expectations: Public scrutiny over the transparency of company finances and legal fairness will impact the entire case handling process. Media coverage and social media pressure may urge regulatory agencies to intensify investigations and demand greater transparency from the company to regain public trust. Furthermore, investor and consumer confidence will be influenced by the handling and outcomes of the case, profoundly affecting the company's future operations and market image.

Through an in-depth analysis of the XYZ Company financial fraud case, we can observe the rigorous enforcement of legal regulations, effective application of advanced technology, and the importance of public involvement in handling similar securities market regulatory cases. These case studies not only provide empirical data for theoretical research but also offer robust guidance and insights for relevant policy formulation and legal implementation.

### 5.2 Case Discussion

The XYZ Company financial fraud case illustrates the critical importance of transparency and authenticity in corporate financial reporting for investor and public trust in a global economic environment (Jordanoska, 2017, pp. 336-355). This case vividly demonstrates how financial fraud, through the exaggeration of revenue and profits, misleads market participants, leading to erroneous investment decisions and market volatility. The following discussion will comprehensively analyze the significance and lessons from this case from legal, technological, and public opinion perspectives.

Legal Perspective: In the XYZ Company financial fraud case, securities regulatory agencies (such as

the SEC) play crucial roles in combating financial fraud through strict legal frameworks and regulations. Legal terms such as false statements, fraudulent behavior, and market manipulation are employed to hold the company and its management accountable. However, the complexities of legal differences among countries and the challenges of cross-border cooperation often necessitate international collaboration and information sharing for effective handling of such cases.

**Technological Support:** The role of technology in securities case investigations is increasingly prominent. The use of data analysis tools and electronic evidence significantly enhances the efficiency and quality of evidence collection, aiding in the swift detection and revelation of potential issues in company financial reports. However, technological advancements also bring new challenges such as data privacy and information security, requiring collaborative efforts between regulatory agencies and companies to find a balance.

**Social Media Influence:** The influence of public opinion on company financial transparency and legal fairness intensifies through media and social platforms, heightening scrutiny over the case. Social media pressures prompt regulatory agencies to actively intervene in investigations and compel companies to disclose more information to restore public trust. Investor and consumer reactions also impact the company's market image and long-term development.

In conclusion, the XYZ Company financial fraud case serves not only as a specific legal case but also as a significant lesson in global securities market regulation and corporate governance. Through an in-depth analysis of the roles of law, technology, and societal factors in case handling, this paper provides valuable empirical insights and policy recommendations for handling future similar cases, promoting transparency and stable development in global financial markets (Schofield-Georgeson, 2020, pp. 1405-1434).

## 6. Conclusion

Through the case analysis of XYZ Company's financial fraud case, this paper deeply discusses the complexity and challenge of the connection between investigation and execution of securities cases under the background of globalization. By analyzing the three dimensions of law, technology and public opinion, we draw the following conclusions: First, laws and regulations play a key role in dealing with financial fraud cases. Securities regulators in different countries and regions have upheld market order and investors' rights and interests by holding companies and their management accountable through strict legal frameworks, such as legal provisions on misrepresentation, fraud and securities market manipulation. Secondly, the application of technical support in case investigation continues to strengthen. The use of data analysis tools and electronic evidence has significantly improved the efficiency and quality of evidence collection, helping to quickly identify and reveal potential problems in a company's financial reporting. However, technological advances have also brought new challenges such as data privacy and information security that require regulators and companies to work together to find a balance. Finally, the influence of public opinion cannot be ignored in case handling. Heightened public concern about corporate financial transparency and legal fairness has pushed regulators to become more active in investigations and companies to take more



steps to restore public trust, which has had a profound impact on the company's reputation and market image. To sum up, the case of financial fraud of XYZ Company provides us with an important case study that profoundly reflects the challenges and future direction of global securities market regulation. Through in-depth analysis of the role of legal, technical and social factors in the handling of cases, this paper provides valuable experience and policy recommendations for the handling of similar cases in the future, and promotes the transparency and stable development of the global financial market.

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