Investors still reeling from a series of corporate implosions got more bad news from the U.S. Supreme Court this month. The court granted what amounts to amnesty to companies that help corporate insiders defraud investors.

The court's ruling should prompt Congress to close a loophole that's been exploited in some of the largest recent business failures, including Enron Corp. and HealthSouth.

At issue in this case were questionable transactions involving St. Louis-based Charter Communications and two of its suppliers. The deals made it appear, falsely, that Charter's advertising revenues were higher than they really were. For a time, that helped prop up Charter's stock price.

But Charter's more fundamental problems couldn't stay hidden forever, and stock prices eventually collapsed. People who bought stock based on the inflated ad revenues lost their shirts.

The case highlights an uncomfortable truth: Successfully cooking corporate books these days has become a group effort, not unlike creating fine food in a restaurant kitchen.

As in a restaurant, there's a head chef who dreams up the dish. But he relies on an assistant, known in the trade as a sous-chef, to create the duplicitous repast served to investors.

In the Charter case, executives at Motorola and Scientific Atlanta, two companies that sold set-top cable converters, served as the sous-chefs. Four Charter executives agreed to overpay their two suppliers for the boxes. The suppliers, in turn, agreed to use $17 million of Charter's own excess payments to pay Charter for advertising time.

Investors tried to recover some of the money they lost on Charter stock by targeting the two suppliers that aided Charter. The high court said they could not.

This hardly seems like a just outcome. Without the help of Charter's suppliers, the corporation couldn't have inflated its ad revenues, which misled investors. Something similar happened in connection with Enron's collapse when New York investment banks helped establish sham companies to hide corporate liabilities. Banks
and suppliers profited from those deals at the expense of trusting investors. Fairness suggests that they should bear some liability for the inevitable result.

As workers become more dependant on investments from IRAs and 401(k)s to fund their retirements, the potential damage caused by corporate fraud becomes more widespread. The head chef bears ultimate responsibility for everything that comes out of the corporate kitchen. But the Supreme Court should have recognized that the sous-chefs also deserve some of the blame.