Case Study Three

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1. The company is moving from the private to the public company for the first time. It will face a number of delays in becoming a public company making it an Initial Public Offering (IPO) company (Certo, 2003). There is procedure laid by the Security Exchange Commission (SEC) that requires the cough Syrup company to comply with the IPO process. The SEC needs the companies to disclose their financial status, records, management analysis and information regarding the business shareholders. Three potential legal or regulatory issues are apparent in this case that the Miracle Cough Syrup might face in becoming a Public company. For the initial procedures to register, Fred needs to show the managerial and the financial position of the company. Jane’s forgery in the finances of the company will show the inefficiency in the accounts of the accounts. They will dispel the investors to invest their capital and shares elsewhere, making the company loose capital needed for expanded. Another issue that will halt the company from going public is the issue of the intellectual property rights that may be possible since Fred went public on TV regarding his drug and with the recipe available online, many others will be able to claim intellectual property right, making it difficult for Fred to go public with his company. And lastly Tammy’s accusation of sex discrimination; Fred will have to prove that Tammy did not carry the appropriate experience and qualification for the job. This would also prove that it was a case of failure to comply with the job requirements and an opportunity to harass the company since Tammy was a previous employee and did not have any previous complaints.

2. All Public companies are by law required to register themselves with the state. Fred’s Miracle Cough Syrup Company will also need to follow the procedure laid by the Security Exchange Commission to register themselves. The SEC will first look into the status of the company and then approve it for the public offering. The company will have to disclose the financial records, statements, business operations, management and complete regulatory processes that the cough syrup company holds under The Securities Exchange Act 1934 (Benston, 1973). Sarbanes-Oxley Act 2002 is another law, the Miracle Cough syrup shall comply with. The Federal law regulates the financial practices and helps protect the shareholders from the errors in the regulations of the capital within it. The company would need to assure that no forgery or fraudulent transactions will take place in the future. Section 302 of the act impose corporate responsibility on the employees to show Financial Reports, while section 404 involves management assessment and the transparent of internal funds (W Ge, 2005). And lastly, the Jumpstart Our Business Startup Act 2012, also has made the IPO’s to expand and grow in an expansive manner. The risks of failure or bankruptcy can be well examined through the laws sanctioned within these acts. Therefore compliance with this law offers the encouragement to invest in IPOs and regulate them for the shareholders. These laws determine and ensure the business practice for the improvement in the overall performance of the company

3. Fred’s Miracle cough syrup company need to strategize its policy for effective growth and expansion to become a public company. Fred needs to make sure the standards and the guidelines under the Security Exchange Commission are followed accurately and under no pretenses being ignored. The company should comply with the standards and regulations set by the SEC, they should involve in practices that ensure efficiency in delivering promises for the shareholders and investors. The company shall be monitored and internally controlled in a manner so that fraudulent activities are averted and minimized. The financial records shall be audited regularly for accuracy. The business operations and transactions should be maintained with the help of the performance mechanisms that help reduce inefficiencies and develop better. The company staff shall be recruitment on the basis of honesty without any discrepancies. Fred should also look forward to gaining copyrights and patents for the cough syrup, under intellectual property rights. The company should invest in the streamlining of technology to gain more investors (C Bones, 2015). The streamlining use information systems to evaluate the performance of the business. In addition to this, it helps the company grow. Lastly, involving the stakeholders in making important decisions. The organization should take the consensus of the other investors and their valuable advice in the interest of the company so that the company can run efficiently and deliver to the market successfully.

# References

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