

# [The foreign corrupt practices act](https://assignbuster.com/the-foreign-corrupt-practices-act/)

The article states that Wal-Mart is charged with bribery, conspiracy, and attempting to conceal a crime. As early as 2005, the stateside operation of Wal-Mart had been receiving reports that executives in their Mexican division were offering and receiving bribes. The fact that bribes are hidden and undisclosed is a direct indicator that an illegal act is being pursued. This typically means that a company’s financial statement has been falsified.

Under Sarbanes Oxley this is a violation of the securities law. Later that year Wal-Mart officials signed off on a false investigation into these alleged bribes. CEO Mike Duke, head of the company’s international operations at that time, and other top executives were informed of the bribes and the false investigation but chose to wait seven years to report these allegations to shareholders and the SEC. Furthermore, in 2009, when Duke became the CEO he testified that the company’s financial statements were correct and that any causes of potential fraud had been reported.

In 1 to 3 sentences, identify the legal business issues raised in the article. The legal issues raised by these actions are bribery, conspiracy and attempting to conceal a crime.

Discuss how the legal issues affect business. For example, could the problems have been avoided? Explain. Discuss realistic solutions supported by sound legal and business principles. The charges brought against Wal-Mart would affect the company tremendously especially if top corporate executives are convicted of international bribery. These corporate officials, including CEO Mike Duke, could be sentenced to prison and the company fined millions of dollars. These fines would cripple the company’s Mexican division and cause great harm to the stateside operation. Thousands of employees would lose their jobs.

Wal-Mart could have avoided the charges if the officials in charge of the bribery investigation would have conducted a proper investigation. Furthermore, Mike Duke could have also avoided them if he had disclosed the bribes and then reported the false investigation to shareholders and the government immediately. Instead, Duke waited over seven years to report the allegations of bribes to the SEC and shareholders. These actions make Mike Duke and top corporate officials look guilty.