Legal factors involved in corporate management and ownership

Law

Corporate management and ownership affiliation Corporate management and ownership The directors of Goodly Corporation are liable for the debts in the organization. As much as the officers had to blame or the errors in the financial report, the directors of the organization had a lot of blame on them. The directors of the Corporation are in the best position to know the financial condition of the organization. In any case of fraud or financial errors the directors should be the first set of people to be questioned (Harrington & Carter, 2009). The financial officers of Goodly Corporation were also to blame for the faulty financial reports. However, their negligence of duty can be linked back to the directors over poor management. If the management of the corporation was tough and well organized, there would be no significant financial errors.

In words by Harrington & Carter (2009) directors investing in their company dependable on the growth of the company may sometimes viewed as fraud in any occurrence of uncertainty. If the directors invested in the company due to bad financial reports, it is regarded as more negligence. It is with no objection that financial losses incurred in the company should be liable to the directors. The decrease in stock price is also a result from the mistake of the directors and the financial officers.

In dealing with this incidence, the fraudulent officers should be sacked or demoted to posts with fewer responsibilities. The directors of the company should take responsibility of the error and compensate investors due to the reduction in stock price.

References

Harrington, C. & Carter, L. (2009). Administrative Law and Politics; Cases & Comments. 4th Edition. Washington: CQ Press.