

Stock options paper



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Stock options are a great incentive to get good, smart, and ambitious workers. You look at Coke and Pepsi they offer their delivery drivers, and their salesmen stock options to give them that incentive to sell and deliver those goods. What exactly are stock options is a question many people may ask. Stock options are when a company gives you the right to buy a certain number of shares at an agreed upon price that the employer specifies.

Private and public companies both sell shares for many reasons that are all about helping the company grow bigger and richer. It's about getting those workers that everyone else wants. They want their employers to feel like partners and motivated to work harder so that everyone makes more money. Companies like to offer more types of incentive than just cash, especially if they are a startup business and need to keep cash in hand. There are no statutes that really outlaw back-dating stock options.

If you wish to back date though it seems that you would have to first falsify documents and then you have to cover up the facts that you falsified the documents. In 2006 the Department of Justice and the Security and Stock Exchange Commission made its first arrest about executives falsifying employment records. The two men who are in trouble neglected to record these stock options and therefore they misled the investors. In 2006 there were eighty companies that were being investigated about illegal back dating.

There was an academic study that said more than two thousand companies had engaged in the process. Along with the department of Justice going after the two men legally the SEC also filed a civil suit. " What's more, the DOJ

asserts that to facilitate the alleged scheme, the Brocade executives falsified documents ? including employment offer letters and compensation-committee minutes ? to make it appear that the paperwork supported the earlier options-grant dates"(SCOFF Acquisitions LLC, 2012).

It the practice was properly documented then they could argue that no laws were broken. Apple and Converse Technology had both been found guilty of having executives that have back-dating stock options. The executives have already pleaded guilty and promised to settle securities fraud charges. The former CEO of take two interactive have pleaded guilty to falsifying business documents. He was the first CEO to get in trouble for back dating. He had to forfeit 6 million dollars and could never become CEO of a public company.