

Sarbanes-oxley act essay sample



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RE: Niskanen, W. A. (2005). Congress Should Repeal the Sarbanes-Oxley Act.

Retrieved from http://www.cato.org/pub_display.php?pub_id=6624

Melvin, S. P. (2011). The legal environment of business: A managerial approach: Theory to practice. New York, NY: McGraw-Hill/Irwin.

ARTICLE SYNOPSIS

This article is about Congress a suggested revoke of the Sarbanes-Oxley Act (SOA) of 2002. According to this article, the proposal came across as an excuse for some government officials to avoid topics that were in demand of resolution by the public. According to this article, “ the SOA of 2002 is unnecessary, harmful, and inadequate” (Niskanen, 2005). Penalties under SOA involved jail time and loss of personal property (Niskanen, 2005).

The SOA was regarded as pointless because the stock exchange has already addressed and employed actions to handle most issues presented in the SOA. Those actions consist of accounting standards, audits, prosecution for fraud, and financial reporting procedures. Some feel that both address the same problems so, Congress should deem the SOA excessive (Niskanen, 2005).

LEGAL ISSUE

In this article, one of the legal issues clearly shown is monopoly because the SOA would have all control. Another legal issue would be that it is unconstitutional due to private businesses not being affected like the public businesses would. This would suggest that private and public businesses did not have the same rights and/or advantages.

MANAGERIAL PERSPECTIVE

The legal problems affect the way business operates. Companies would have certain procedures of core control with the SOA. Companies also have to report financial accounts correctly and follow certain accounting procedures in their business activities. The issues of the SOA could have been escaped if business owners and senior management would have used equality and accurateness to begin with.