

Home Capital

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Home Capital Company Analysis

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Home Capital Company Analysis

Business is a fundamental activity that many people aspire to start. There are different motives for starting varied businesses. Some of these reasons include profit generation, pursuing a passion, controlling lifestyle, being a source of pride, and creating employment opportunities for a diverse population. Both small and large companies strive to dominate their respective markets that are full of stiff competitors. Home Capital Group is one of the holding companies that operate in Canada. Home Trust Company is known as a subsidiary of Home Capital Group. Home Capital Group is involved in several business activities, such as the provision of credit products to its respective clients. Some of these products include credit cards, mortgages, and deposit services. This Company also operates in low-risk zones since it aims at maximizing its profitability at all costs. Security Commission is another important agency of consideration. This Commission plays a crucial role that cuts across aspects such as protection of investors, promotion of fairness in the market, and maintaining the confidence of the public in various markets. This paper will examine reasons why Home Capital Company was in trouble with the Ontario Securities Commission and whether the actions taken by the Commission benefited or hurt the public at large.

One of the reasons why Home Capital Company was in trouble with the Ontario Securities Commission was based on the security laws. The Ontario Securities Commission implements all laws as stipulated in the Securities Act (OSA). This Act highlights several laws that all holding companies should observe in the course of their operations. This legislation regulates aspects such as distribution of securities, insider trading, the conduct of dealers, and anti-fraud issues, among others. The Commission maintained that Home Capital broke the law in the manner they handle the scandal that emanated in relation to the loan application. Home

Capital was in the limelight after suspending several brokers. These brokers were engaged in the scandal that involved the creation of mortgages using fake income information. Such practices prove the prevalence of unethical practices in the business world. The Company got into the wrong hands after downplaying this issue. It failed to handle fraud cases appropriately, as expected by the securities commission. After a thorough investigation, the Commission named specific executives such as Gerald Soloway and Robert Morton, who were held accountable for these events.

Another main issue that led to these troubles involved the aspect of misrepresentation. In business, the concept of misrepresentation can be used synonymously. The Securities Act of Ontario stipulates various issues that define cases of misrepresentation. A case of misrepresentation might occur when the Company provides false statements to stakeholders and the entire public. These statements must have a solid association with material facts. In this case, a material fact involves any statement or information that might affect the value of the securities or the entire market price. Therefore, this Act requires every Company to be responsible when disseminating any information in the public domain. Therefore, the information given should be factual and beneficial to the public. Misrepresentation is also linked to the aspect of omission. Companies are also not expected to omit crucial information either in their statements since such omissions might mislead the interested parties. Home Capital failed to observe these securities provisions because it failed to honor the principle of disclosure obligation. It failed to disclose to various parties the critical event that developed in relation to the falsification of income information. The Ontario Securities Commission also proved that such negligence misled Home Capital's shareholders. For instance, the Company's Chief Executives approved the financial statement even though it lacked material facts that could guide its shareholders. It is important to

note that shareholders have the right to access information that could guide their decisions. For instance, a shareholder can make a sound decision on whether to invest or avoid investing in a certain company based on the available or current information. Therefore, the Ontario Securities Commission was relevant in its actions to deliver an enforcement notice to this Company.

The action taken by the Securities Commission helped the general public in several ways. One of the individuals that benefitted from the Commission's action is shareholders and savers. Shareholders are a crucial part of every Company. These individuals are well known for their indirect and direct roles in respective organizations. One of their main roles includes contributing capital that enables the organization to run smoothly. Other roles are related to the elections of chief officers, such as financial experts. The Ontario Securities Commission played a crucial role in providing information on this Company's current financial position in this market. The Commission's action to bring this issue to light enabled shareholders to make informed decisions before things got worse. It was apparent that most shareholders were able to trace and investigate this issue. Similarly, the Commission's action also helped savers to act faster by withdrawing their money from this Company. This was a good step because the Company's direction remained unknown during those times of crisis. For instance, those who saved with this Company were able to make faster decisions that could save their money. It is important to note that most people save their money in banks that they trust. This implies that trust is a vital aspect that facilitates effective business or transactions among certain parties. Without trust, a bank and any holding company can fail to secure enough customers. Therefore, savers were right when they withdraw their money from this Company since they aimed at lowering the foreseen risks. The Commission's action also helped to inform the potential investors that they need to conduct a thorough evaluation of any company before committing their resources.

Moreover, the Commission's action helped the general public by bringing a clear cut between ethical and unethical business practices. All businesses should embrace ethics in their entire operations. Ethics and social responsibilities are fundamental issues that determine the success of every business. The exposure by this Commission proved to the general public that some businesses still perpetrate unethical practices. The Commission maintains that businesses should embrace moral standards at all costs. Home Capital's corporate governance was also put in the spotlight for not practicing ethical leadership after making the wrong decision to conceal some pertinent information. Therefore, the public developed a good picture of the Ontario Securities Commission since they believe that it is not a toothless dog.

In summary, Home Capital is considered as one of the companies that have experienced the wrath of the Ontario Securities Commission after breaking particular market laws. This Company failed to attain disclosure obligation after encountering some scandals that led to the dismissal of some top executive members. The Commission's action also benefitted the general public because it informed them to make appropriate decisions when investing their money or when saving their money in this Company.

Home Capital

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