
SEC Chair Reassures Directors on Gatekeeper Role

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In a June 23 [Speech at the Stanford Directors' College](#), Chair Mary Jo White of the Securities and Exchange Commission sought to allay concerns that the SEC's focus on "gatekeepers" will put conscientious corporate directors at risk of enforcement actions.

Ms. White first observed that "while there are certainly other gatekeepers who may be closer to some of the action or more familiar with the details of a transaction or disclosure document, a company's directors serve as its most important gatekeepers." She emphasized the role directors play in ensuring the right "tone at the top" and instilling a culture of compliance.

Chair White then addressed whether SEC enforcement activities may actually discourage board service, because of the risk that directors "may unfairly find themselves on the wrong end of an SEC enforcement action." Noting that the SEC does bring cases against directors, she said that "should not strike fear in the heart of a conscientious, diligent director." She highlighted the two recent enforcement cases brought by the SEC against audit committee members. (See [this previous post](#) and [this post](#).) Noting that cases against audit committee members were "an infrequent but disturbing occurrence," Ms. White stressed that "these were clear lines crossed by directors not doing their jobs, and then some." She emphasized that "audit committees, in particular, have an extraordinarily important role in creating a culture of compliance through their oversight of financial reporting." She added that audit committee "responsibilities are critical ones and we want to support you." But she reiterated that service as a director should not be "a role where you fear a game of 'gotcha' is being played by the SEC."