

Sarbanes-Oxley Act Primer

The corporate-responsibility scandals and business failures involving companies such as Enron, Adelphia and Global Crossing revealed widespread accounting, self-dealing and mismanagement issues. Seeking to instill greater accountability by senior management of public companies, Congress enacted the Sarbanes-Oxley Act in 2002. The prevailing view among legal commentators is that the Act is by far the most significant federal securities law passed since 1934.

Sarbanes-Oxley addresses a wide range of topics, including corporate-governance practices, ethics, executive compensation and financial disclosures. Its principal impacts are to (1) impose new obligations on corporate officers and directors, and (2) increase the scope and severity of the penalties that may be imposed on public companies and their officers and auditors for violations of federal securities laws.

Program Summary

This program summarizes the Sarbanes-Oxley Act and describes the important new obligations it imposes — particularly for the senior management of public companies. The topics covered in the program include:

- Certification requirements
- Profits and bonuses
- Updated loan information
- New trading restrictions
- Audit committees
- Whistleblower protections
- Enhanced disclosure
- New or increased criminal penalties
- Attorney conduct