

## Role/perspective of the GC

1. Regarding your current role, how important are the following as part of your responsibilities? (5 bullets with the 1<sup>st</sup> stating “Not at all important”, the 3<sup>rd</sup> stating “moderately important”, and the 5<sup>th</sup> stating “extremely important”)
  - a. Ensure that financial statements comply with Generally Accepted Accounting Principles)
  - b. Ensure that tax positions taken conform to legal standards
  - c. Advising the CEO and/or board of directors
  - d. Monitoring senior management/ employee conduct
  - e. Protecting the firm from legal risks
  - f. Protecting management from legal risks
  - g. Managing ongoing litigation
  
2. What role does internal counsel have on the following disclosures? (5 bullets with the 1<sup>st</sup> stating “None”, the 3<sup>rd</sup> stating “others draft, internal counsel reviews”, and the 5<sup>th</sup> stating “internal counsel drafts considerable portions”)
  - a. Prepared remarks of public earnings conference calls
  - b. MD&A section of 10-K reports
  - c. Management forecasts of future earnings
  - d. Social media
  
3. Whom do you believe is the most important client you represent?
  - a. Senior Management (CEO/President)
  - b. Board of Directors
  - c. Other employees
  - d. Shareholders
  - e. Public
  - f. Other (please specify)

## Disclosure and litigation

4. The basis for many shareholder securities lawsuits is whether managers knowingly withheld materially adverse information with the intent to deceive. Assume that a public company has just obtained information that could be viewed as materially adverse. How likely is the company to take the following actions in order to avoid shareholder litigation? (5 bullets with the 1<sup>st</sup> stating “Remote”, the 3<sup>rd</sup> stating “Reasonably Possible”, and the 5<sup>th</sup> stating “Probable”)
  - a. Do not disclose the information
  - b. Disclose the information immediately in an 8-k
  - c. Disclose the information in an 8-k relatively soon along with other good news
  - d. Disclose the information in the next 10-Q or 10-K
  - e. Include more language in the next 10-Q or 10-K

- f. Include less language in the next 10-Q or 10-K
5. Assume the firm does face shareholder litigation. How effective are the following strategies at minimizing the costs from this litigation (e.g., greater likelihood of dismissal, lower expected settlement amount)?  
(5 bullets with the 1<sup>st</sup> stating “Not effective”, the 3<sup>rd</sup> stating “Somewhat effective”, and the 5<sup>th</sup> stating “Very effective”)
- Do not disclose the information
  - Disclose the information immediately in an 8-k
  - Disclose the information in an 8-k relatively soon along with other good news
  - Disclose the information in the next 10-Q or 10-K
  - Disclosure choices have no effect on litigation costs
6. How concerning are the following effects of securities class action litigation to your organization?  
(5 bullets with the 1<sup>st</sup> stating “Not concerning”, the 3<sup>rd</sup> stating “Mildly concerning”, and the 5<sup>th</sup> stating “Very concerning”)
- The size of the potential settlement
  - The negative attention it brings your firm
  - The time it takes from senior management
  - The loss of reputation among investors
  - The potential regulatory investigations or other penalties
  - The effects on employee morale and trust in leadership
  - The detrimental career effects to inside counsel
7. What is the likelihood that your firm would face shareholder securities litigation if it issued adverse news leading to a 10% decline in the stock price?  
(5 bullets with the 1<sup>st</sup> stating “Remote”, the 3<sup>rd</sup> stating “Reasonably Possible”, and the 5<sup>th</sup> stating “Probable”)
8. (IF QUESTION 8 IS ANSWERED “REMOTE” OR “REASONABLY POSSIBLE” ASK THE FOLLOWING) What size of stock price decline would you think makes it PROBABLE that the firm will face litigation?
- 15%
  - 25%
  - 50%
  - 75%
  - Other (free fill)
9. Assume that, in the process of issuing financial statements, management determines that the firm will narrowly miss earnings expectations. If the estimated litigation reserve was 5% lower, the firm would meet expectations. How likely are the following scenarios?  
(5 bullets with the 1<sup>st</sup> stating “Remote”, the 3<sup>rd</sup> stating “Reasonably Possible”, and the 5<sup>th</sup> stating “Probable”)

- a. Management encourages internal counsel to reevaluate the assumptions underlying the litigation reserve
- b. The litigation reserve is changed

**Compliance and Governance:**

10. Assume that an employee filed a valid whistleblower complaint documenting improper revenue recognition. What is the likelihood that the report would be dismissed without action, and thus not reviewed by corporate counsel?  
(5 bullets with the 1<sup>st</sup> stating “Remote”, the 3<sup>rd</sup> stating “Reasonably Possible”, and the 5<sup>th</sup> stating “Probable”)
11. Would the career of this whistleblower be affected? Please select the response below that you most agree with:
- a. The whistleblower’s career would be adversely affected
  - b. The whistleblower’s career would benefit
  - c. The event would have no effect on the whistleblower’s career
12. Which of the following regarding the flow of information from managers to the board do you agree with?  
(5 bullets: “Strongly disagree”, “Disagree”, “Neither agree/disagree”, “Agree”, “Strongly agree”)
- a. Overall, managers are forthcoming in presenting balanced information that is both critical and supportive
  - b. Directors often have to solicit information from management to get a more balanced picture
  - c. In the instance that the board is not aware of adverse information that has arisen, the GC’s role is to give the board a more balanced picture
  - d. Directors often have to solicit information from the GC to get a more balance picture
13. Please evaluate the following scenarios and state whether they would cause you to consider to seek employment elsewhere  
(5 bullets: “Strongly disagree”, “Disagree”, “Neither agree/disagree”, “Agree”, “Strongly agree”)
- a. Managers attempt to influence the litigation reserve in order to reach a financial reporting benchmark
  - b. Management withholds material negative information or risks from the board of directors
  - c. Management withholds material negative information or risks from significant external parties (e.g., regulators, lenders, credit rating agencies, etc.)
  - d. Management attempts to circumvent your gatekeeping responsibilities
  - e. You believe management will explicitly or implicitly harm your career if you advise against their preferred course of action

- f. Management does not adequately consult you on significant corporate activities for which your expertise is valuable
14. Assume that your compliance group found out that a division president was recognizing revenue improperly in order to make the division look more profitable. It is not a large division, but the error will likely have a material effect on the firm's consolidated financial statements. What is the likelihood that the error would be detected by someone outside of your organization (e.g. regulators, investors, auditors)?  
(5 bullets with the 1<sup>st</sup> stating "Remote", the 3<sup>rd</sup> stating "Reasonably Possible", and the 5<sup>th</sup> stating "Probable")
15. Assume that your organization self-reported the error to the Securities and Exchange Commission. What is the likelihood that, in negotiating a settlement, the SEC will grant your organization leniency for its cooperation?  
(5 bullets with the 1<sup>st</sup> stating "Remote", the 3<sup>rd</sup> stating "Reasonably Possible", and the 5<sup>th</sup> stating "Probable")

**Demographic Questions:**

16. Please select the industries that pertain to your current employer (Select all that apply)
- a. Energy
  - b. Health/Pharmaceutical
  - c. Transportation and Public Utilities
  - d. Technology
  - e. Agriculture, Forestry, and Fishing
  - f. Retail/Wholesale
  - g. Communication/Media
  - h. Services, Consulting
  - i. Mining, Construction
  - j. Manufacturing
  - k. Banking/Finance/Insurance/Real estate
17. What is the level of yearly revenues for your organization?
- a. <10 million
  - b. 10-100 million
  - c. 100 million – 1 billion
  - d. 1-5 billion
  - e. >5 billion
18. When was the last time your firm experienced the following:  
(4 bullets: the past year, the past 2 years, the past 5 years, I am not aware of this event)
- a. A restatement of prior financial results
  - b. A securities class action

- c. A shareholder derivative claim
- d. A regulatory investigation
- e. A regulatory fine/penalty

19. What is your current job title? (select more than one if applicable)

- a. General Counsel
- b. Chief Legal Officer
- c. Corporate Secretary
- d. Vice President
- e. Head of Legal
- f. Compliance Officer
- g. Staff attorney
- h. Other, specify:

20. Who do you directly report to? (select more than one if applicable)

- a. CEO
- b. General Counsel
- c. Chief Compliance Officer
- d. Board of Directors
- e. Other, specify:

21. How many attorneys work in your legal department?

- a. <10
- b. 10-20
- c. 20-50
- d. >50

22. Prior experience (select more than one if applicable)

- a. Internal counsel at another company
- b. Law firm
- c. Regulator
- d. Other, specify:

23. How many years of experience do you have as a corporate attorney?

- a. Less than 1
- b. 1 - 3
- c. 4 - 6
- d. 7 - 9
- e. 10 - 15
- f. More than 15

24. How many years of experience do you have at your current employer?

- a. Less than 1
- b. 1 - 3
- c. 4 - 6
- d. 7 - 9
- e. 10 - 15
- f. More than 15

25. Please select your age

- a. Under 30
- b. 30 - 39
- c. 40 - 49
- d. 50 - 59
- e. 60 or older

26. Please select your gender

- a. Male
- b. Female
- c. Prefer not to answer

27. Please select your annual compensation

- a. Less than \$100,000
- b. \$100,000-\$199,000
- c. \$200,000-\$299,000
- d. \$300,000-\$399,000
- e. \$400,000-\$499,000
- f. More than \$500,000

28. What percentage of your total compensation is comprised of equity compensation?

- a. 0%
- b. 1%-9%
- c. 10%-19%
- d. 20%-29%
- e. More than 30%

29. Please select one of the four charities to which we will make a donation on your behalf. The donation will be allocated to each organization as follows: \$10,000 X the response rate to our survey X the proportion of survey respondents who select the specific charity.

- a. American Cancer Society
- b. American Red Cross
- c. Doctors Without Borders, USA
- d. Alzheimer's Association

30. Would you like to receive a summary of the survey findings? Contact information will NOT be included in the summary of the survey findings).

- a. Yes
- b. No

Thank you very much for completing this survey. We truly appreciate your time.

31. Are you willing to be contacted to discuss any of your survey responses more thoroughly?

- a. Yes
- b. No