## **Blogs**

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4 Things to Consider When a Director Mulls Leaving the Board

Following up on <u>my blog</u> about directors departing when the going gets tough, let me back up a little and comb through what might go through a director's mind before deciding to leave a board. The director is close to the edge. The crisis is unrelenting. Both mentally and physically. It's taking over from their job and other board service. The director's significant other can't take the complaining anymore. The director thinks a departure is the only way out, but they do feel the pull of that moral obligation. Here are four things to consider before a director makes that decision to pull the ripcord:

- 1. **Illegal or unethical activity happening?** Is there a reason to believe that anything illegal or unethical is happening? If so, audit committee and board duties of oversight to inquire are triggered. Both counsel and auditors may need to be alerted.
- 2. **Disagreements over company strategy?** If differences stem from a fundamental disagreement on the strategy or future of the company, you should constantly weigh: Is it better to stay and be an effective voice on the board? Or do you stop serving the best interests of shareholders by being a constantly dissenting board member?
- 3. **Manner of resignation matters** If probably with the advice of counsel you as a director decide that it's in the company's best interests to resign, it's best to do so. But in a manner that is clear and amicable.
- 4. **Public disclosure for resignations that aren't amicable might be required -** Consider with counsel: Is there any obligation to make public disclosure of the circumstances involving departure from the board?

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