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Public Chatter

Board Duties: “No Speeding!”

Here's a tip from the sixth edition of our popular publication [The Public Company Handbook](#), which is an easy-to-read guide that provides practical insights regarding legal and other board management issues facing public—or soon-to-be-public—companies.

This tip involves the duty of care that a board of directors has. You may want to use this image to illustrate the duty of care for your Board:

- "Directors get in trouble for speeding, not for running the car off the road!"

In other words, the Board should act in good faith to make its best thoughtful, considered and informed decisions. If no conflicts of interest exist and the Board follows an appropriate process, courts usually will not second-guess the directors even when, in hindsight, the Board makes a wrong choice, takes a wrong turn or causes the company to suffer a loss.

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Public Chatter

Public Chatter provides practical guidance—and the latest developments—to those grappling with public company securities law and corporate governance issues, through content developed from an in-house perspective.

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