

Recent Delaware Cases Reinforce Director Accountability for Risk Oversight

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Two recent Delaware decisions have made clear that courts will not give business judgment rule deference where boards of directors allegedly failed to implement or monitor oversight systems, and that directors face the potential risk of personal liability for breaching their duty of loyalty in these circumstances. Our analysis found that the cases provide important guidance for directors on how to comply with their oversight obligations, including identifying and focusing on the key risks facing the business and ensuring appropriate risk reporting protocols.

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