

Board Case Studies

Governance Lessons from the Headlines

Nine real-world failures and fights—and what each teaches boards about oversight, culture, activism, compliance, and reputation

Five Themes, Nine Cases

How recent governance stories map to the duties every board carries

01

The Duty of Oversight

Boeing · McDonald's · SolarWinds

02

Risk Culture & the Three Lines of Defense

Wells Fargo

03

Shareholder Activism & Proxy Contests

Disney / Trian · Norfolk Southern

04

Compliance in M&A Integration

John Deere

05

Executive Conduct & Reputational Risk

Astronomer

THEME 01

The Duty of Oversight

When boards—and now officers—must monitor mission-critical risk

Boeing · McDonald's · SolarWinds

Boeing

WHAT HAPPENED

- **A culture shift.** After the 1997 McDonnell Douglas merger, leadership increasingly reoriented around financial metrics over safety engineering.
- **Two 737 MAX crashes.** Lion Air 610 (Oct 2018, 189 killed) and Ethiopian 302 (Mar 2019, 157 killed) were tied to the MCAS flight-control system; the fleet was grounded worldwide.
- **A Caremark claim.** Shareholders sued directors in Delaware for failing to monitor a “mission-critical” safety risk; the claim survived, and the board settled.
- **It didn’t end there.** A door-plug blowout on Alaska Airlines Flight 1282 (Jan 2024) reopened the same safety-oversight questions.

THE BOARD LESSON

\$237.5M

the largest Caremark cash settlement in Delaware history (2021)

Boards must actively monitor mission-critical risks—and be able to show a dedicated reporting system that surfaces them.

KEY DATES



McDonald's

WHAT HAPPENED

- **A workplace-culture suit.** A derivative action alleged the Chief People Officer allowed—and engaged in—sexual harassment, breaching oversight duties.
- **A first in Delaware.** On Jan. 25, 2023 the Court of Chancery held that corporate officers, not just directors, owe a duty of oversight.
- **A demanding standard.** Officer oversight liability requires bad faith—a conscious failure to act—within the officer's area of responsibility.

THE BOARD LESSON

A first

officers—not just directors—held to a Caremark-style duty of oversight

Oversight is no longer a boardroom-only duty. Boards should confirm senior officers have reporting systems and escalate red flags.

KEY DATES



2019

CHRO terminated



2021

Derivative suit filed



Jan 2023

Officers owe a duty of oversight

SolarWinds

WHAT HAPPENED

- **A landmark breach.** The “Sunburst” supply-chain attack (Dec 2020) compromised software used across government and industry.
- **The SEC charged the company—and its CISO.** In Oct 2023 the SEC alleged fraud and internal-control failures over allegedly overstated cybersecurity.
- **A court pushed back.** In July 2024 the court dismissed most claims and rejected treating cybersecurity as “internal accounting controls,” but let fraud claims tied to the public “Security Statement” proceed.

THE BOARD LESSON

July 2024

court rejects the SEC’s cyber-as-internal-controls theory; fraud claims narrowed

What a company says publicly about cyber and ERM is a securities disclosure. Boards should oversee cyber risk and align disclosure with reality.

KEY DATES



THEME 02

Risk Culture & the Three Lines of Defense

Incentives, structure, and the controls that should have caught it

Wells Fargo

Wells Fargo

WHAT HAPPENED

- **Millions of fake accounts.** High-pressure sales goals (2002–2016) drove employees to open unauthorized accounts; more than 5,300 were fired.
- **Controls couldn't see it.** A decentralized model and a “culture of deference” kept risk and audit from challenging the business.
- **A landmark resolution.** In Feb 2020 the bank paid \$3 billion to the DOJ and SEC (with a deferred-prosecution agreement).
- **Individuals were held accountable.** The former CEO received an OCC lifetime ban and a \$17.5 million penalty.

THE BOARD LESSON

\$3 billion

DOJ/SEC resolution over sales-practice misconduct (2020)

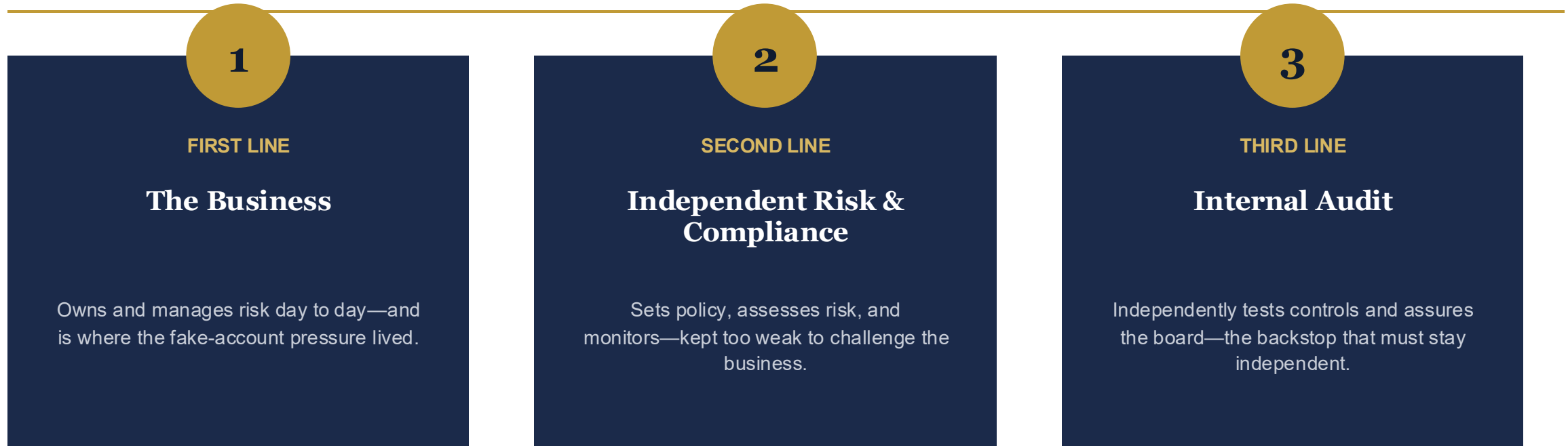
Centralize and empower the three lines of defense. Incentives and culture are board-level risks—independent risk and audit must be able to challenge the business.

KEY DATES



The Three Lines of Defense

The model Wells Fargo's structure undercut—and the fix it adopted



The board's job: ensure all three lines exist, are independent, and can see and challenge one another—and that the board hears from each.

THEME 03

Shareholder Activism & Proxy Contests

Defending the boardroom—and what happens when performance slips

Disney / Trian · Norfolk Southern

Disney & the Trian Proxy Battle

WHAT HAPPENED

- **Two activist campaigns.** Nelson Peltz’s Trian (joined by Blackwells) sought Disney board seats across 2023–2024.
- **A vigorous defense.** Disney paired performance and a clear strategy with heavy investor engagement and a refreshed board narrative.
- **Split endorsements.** ISS backed Peltz, but Glass Lewis, JPMorgan’s Jamie Dimon, and George Lucas backed Disney.
- **A decisive vote.** On Apr. 3, 2024 shareholders elected Disney’s full slate; Peltz received under 31% and CEO Iger about 94% support.

THE BOARD LESSON

< 31%

the vote Peltz received—Disney’s 12-nominee slate swept

The best proxy defense is performance plus proactive engagement. Under universal proxy, each director’s individual qualifications are on the ballot.

KEY DATES



Jan 2023

Trian’s first campaign



Nov 2023

Second campaign launched



Apr 3 2024

Disney slate elected

Norfolk Southern

WHAT HAPPENED

- **A string of derailments.** A series of accidents—culminating in the East Palestine, OH hazardous-materials derailment (Feb 3, 2023)—drew DOJ, NTSB, and shareholder scrutiny.
- **A culture critique.** Critics tied the accidents to “precision scheduled railroading”: longer, heavier trains, tighter schedules, and fewer staff.
- **An activist opening.** Ancora built a roughly \$1 billion stake and ran a proxy fight; on May 9, 2024 it won three of the seven seats it sought, while the CEO was retained.

THE BOARD LESSON

3 of 7

board seats won by the activist after a safety-driven campaign (2024)

When efficiency metrics crowd out safety culture, they become governance and reputational risk—and an opening for activists. Boards must weigh efficiency against resilience.

KEY DATES



THEME 04

Compliance in M&A Integration

Acquired entities inherit—and import—risk

John Deere

John Deere

WHAT HAPPENED

- **Acquired risk.** Deere acquired Wirtgen in 2017; its Thailand subsidiary bribed government officials (2017–2020) to win contracts.
- **Integration lagged.** Deere failed to timely integrate the acquired business into its compliance program and internal controls.
- **An FCPA settlement.** On Sept. 10, 2024 Deere settled SEC FCPA charges for \$9.93 million—\$4.3M disgorgement, about \$1.1M interest, and a \$4.5M penalty.

THE BOARD LESSON

\$9.93M

SEC FCPA settlement over an un-integrated acquisition (2024)

Compliance must be a Day-One part of M&A. Acquired entities inherit—and can import—risk; due diligence and post-close integration of controls are board concerns.

KEY DATES



THEME 05

Executive Conduct & Reputational Risk

Tone at the top in a viral age

Astronomer

Astronomer

WHAT HAPPENED

- **A viral moment.** On July 16, 2025 a concert “kiss cam” captured the CEO and the Chief People Officer in an embrace; the clip spread worldwide within hours.
- **A swift board response.** Within days the board acted; the CEO resigned, and the Chief People Officer resigned as well.
- **A private matter, public overnight.** An internal personnel question became a global reputational event almost instantly.

THE BOARD LESSON

Days

from a viral clip to the CEO’s resignation

Executive conduct and tone at the top are reputational risks that can detonate instantly. Boards need crisis playbooks and clear conduct and conflict expectations for leaders.

KEY DATES



Jul 16 2025

Viral concert clip



Within days

CEO on leave, then resigns



Shortly after

CPO resigns

Five Lessons That Cut Across Every Case

What boards should carry from the headlines into the boardroom

1. Build the reporting system

Oversight is judged by whether the board had a system to surface mission-critical risk—before the failure.

2. Culture and incentives are risks

What you reward, you get. Sales pressure and metrics that crowd out safety are board-level concerns.

3. Mind the three lines

Independent risk and audit must be able to see and challenge the business—and reach the board.

4. Integrate compliance early

In M&A, controls and culture are a Day-One issue; acquired risk becomes your risk.

5. Reputation moves fast

Conduct at the top and disclosure to the market can become crises overnight—be ready.

Firm Lawyers

Matthew Boyden

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Larry Finder

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