



## 707 - Corporate Counsel's Role on the SOX Disclosure Committee

**Oren Azar**  
*Director of Mergers & Acquisitions and Securities*  
Walgreen Co.

**Mary Kullman**  
*Chief Governance Officer*  
The Laclede Group, Inc.

**James E. Williams**  
*Vice President, General Counsel & Secretary*  
Liquidity Services, Inc.

## Faculty Biographies

### Oren Azar

Oren B. Azar is director of mergers and acquisitions and securities in the legal department at Walgreen Co. in Deerfield, Illinois.

Before joining Walgreen, he was corporate secretary and associate general counsel at Joy Global Inc. in Milwaukee, Wisconsin, where he had responsibility for securities and disclosure, corporate governance, executive compensation, and acquisitions. Previously, he was a corporate and securities attorney in private practice, most recently as a partner in the capital markets department of Shearman & Sterling LLP. While in private practice, he spent time in Singapore and Indonesia advising clients on cross-border securities offerings, acquisitions, and other transactions.

Mr. Azar received a B.S. from the University of Pennsylvania's Wharton School and his J.D. from Harvard Law School.

### Mary Kullman

Mary C. Kullman is chief governance officer and corporate secretary of The Laclede Group, Inc. and of Laclede Gas Company. She also serves as trustee and secretary of the Laclede Gas Charitable Trust. She was elected corporate secretary of Laclede Gas Company, becoming its first female executive and later she became the secretary of the Charitable Trust. She was then promoted to associate general counsel and then again to the newly created position of chief governance officer.

Ms. Kullman joined Laclede as associate counsel after having worked in the corporate headquarters legal department of then McDonnell Douglas Corporation. Prior to that she was an associate at the law firm of Lewis Rice & Fingersh.

Ms. Kullman serves on the board of directors of the Better Business Bureau of Greater Saint Louis as well as on its ethics, executive, and charity information services committees. She also serves on the board of the Humane Society of Missouri and the legal committee and capital campaign committee of The Magic House Saint Louis Children's Museum.

Ms. Kullman holds a B.S. from Washington University in Saint Louis and graduated magna cum laude from Saint Louis University School of Law.

### James E. Williams

Vice President, General Counsel & Secretary  
Liquidity Services, Inc.



# Was that a Disclosure Committee meeting?

## Disclosure Committee

- Not required, but SEC suggested as part of disclosure controls and procedures
- Vital role in many companies' disclosure controls and procedures

## Disclosure Controls and Procedures

- Designed to ensure information required to be disclosed is recorded, processed, summarized & reported in timely fashion.
- Internal control over financial reporting focuses on financial information

## Disclosure Committee and Controls

- Includes the recording, gathering, disclosing of financial and nonfinancial information
- Committee reviews disclosures and assesses whether disclosure controls and procedures are working

## Committee Members

- SEC suggests:
  - Principal accounting officer/controller
  - General counsel
  - Principal risk officer
  - Principal investor relations officer

## Committee Members, cont'd

- Also consider
  - Securities attorney
  - Head of internal audit
  - Chief information systems officer
  - Heads of each major business
  - Business/strategic development officer

## Committee Members, cont'd

- Not necessarily same group as those who prepare draft disclosures
- Consider whether to include external persons
  - Outside counsel
  - Independent registered public accounting firm

## Committee Members, cont'd

- Will the CEO and CFO be present?
- If not, what will be shared with them from the meeting?
- Not one size fits all

## Committee Chair

- How determined
- Function



## Committee Agenda

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- More than financial matters
  
- Review disclosure documents
  
- Assess effectiveness of disclosure controls



## Committee Agenda

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- Hear/share updates
  
- Last chance for discussion of
  - Fraud/misconduct
  - Matters not yet reported or recorded

## Committee Meeting Schedule

- How often
  - At least quarterly
  - May need more frequent meetings
    - Depends on function of committee

## Committee Charter

- Role and purpose
- Members
- Meetings



## Scope of Discussion

- Recent Form 8-K events
- Upcoming Form 8-K events
- Ad hoc meetings, as needed

## Review of Disclosure Controls

- At least annually
- Following business and personnel changes, as needed

## Back-up Certifications

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- Used by many companies
- Can help ensure "focus" by subordinates
- Danger of over-reliance

## Minutes

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- Memorialize management efforts
- Impact on candor?
- Expected by auditors

## Common Pitfalls

- Failing to disclose information because the information should have been disclosed earlier
  - Continued failure to disclose may expand your Company's liability
  - Potential 10b5 liability

## Common Pitfalls

- Using a purely quantitative standard to assess materiality
  - Disclosure standard:
    - Presently known to management
    - Reasonably likely to have a material effect on your company's financial results
  - Evaluate the qualitative impact of the "event" on the company



## Common Pitfalls

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- Deciding not to disclose based on the perceived practices of other companies
  - You have limited visibility into their disclosure practices
    - The “event” may be immaterial for others
    - Practice of other companies is not a defense in litigation