





CEOs GONE WILD

Guiding Questions:

1. Lawyers are hired to give legal advice, how hard do we draw that line? Is that enough?
2. Your client is the company, not the CEO. Does that match the reality of our job?
3. Can in-house lawyers fix problems proactively? Does that change the scope of our job?

<p>TESLA - Elon Musk</p>  <ol style="list-style-type: none"> 1) What happened? Twitter rampage that affected the stock price of Tesla. The SEC filed charges against Musk and Tesla. 2) Legal Issue & In-House Reaction? CFO & GC offered to assist Musk with future comms. Tesla and Musk Settled charges with SEC. (Then... Musk did it again). 3) How could it have been prevented? Immediate intervention. Executives Communications Policy. 	<p>Lululemon - Chip Wilson</p>  <ol style="list-style-type: none"> 1) What happened? Company produced defective pants, mass recall resulted in a \$2 billion loss. 2) Legal Issue & In-House Reaction Shareholders sue for concealing defects. Chairman makes offensive comments that spark public outrage. Chairman and CEO both resign. Lawsuits were dismissed and no long term damage to the shares. Headlines are forever. 3) How could it have been prevented? Setting up policies on public behaviour.
<p>FIFA - Qatar World Cup 2022</p>  <ol style="list-style-type: none"> 1) What happened? FIFA has a reputation for corruption, bribery, racketeering. USA and Swiss federal indictments and human rights lawsuits hit FIFA over Qatar World Cup. 2) Legal Issue & In-House Reaction - Failed deal with whistleblower leads to blow-up. FIFA takes the official position that they are not responsible for human rights violations in Qatar. 3) How could it have been prevented? Increased independence and accountability, and a complete overhaul of the corporate structure. 	<p>Fyre Festival - Billy McFarland</p>  <ol style="list-style-type: none"> 1) What happened? Fyre Festival was intended to be a "luxury music festival" promising luxury accommodation and celebrity chefs prepared meals. In reality, attendees were placed in disaster relief tents, with no running water and the festival was cancelled after the first day, leaving many stranded. 2) Legal Issue & In-House Reaction Multiple lawsuits alleging fraud, breach of contract, and negligent misrepresentation. It is unclear whether there was an in-house lawyer for Fyre Media. Fyre Media agreed to a settlement without admitting or denying the charges 3) How could it have been prevented? Making sure that promotional materials comply with legal requirements and avoid making claims that give a false impression of what the attendees will get.