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Is There a New Sheriff in Corporateville? The Obligations of Directors, Officers, Accountants, and Lawyers After Sarbanes-Oxley of 2002

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Abstract by Melissa Sutton

The author takes a look at the Sarbanes-Oxley Act of 2002, a new code of corporate ethics backed by severe civil and criminal sanctions. The article begins with a look at the legislative history behind the Act. It explores the theory that the significance of the Act is not just that it was a reaction to scandalous corporate headlines, but that the corporate governance theories reflected in the Act may impact the conduct of corporate managers and their relationship with their professional advisors.

The Act seeks to revitalize the spirit of the Securities Act of 1933 and the Securities and Exchange Act of 1934. Many of the provisions of Sarbanes-Oxley reflect long-held positions of the Securities and Exchange Commission about corporate governance and accountability. The Act focuses on personal accountability for corporate directors, managers, accountants, and lawyers to safeguard the public's investments.

The first part of the article takes a look at the Act's legislative background. Part II of the article discusses the audit committee and the Act's attempt to create a new corporate sheriff. Part III explores the new responsibilities of corporate executives. Part IV discusses the make-over of the auditors. Part five points out the lawyer's reporting duties. The article concludes with the question of whether deputizing new corporate sheriffs will result in someone minding the store.