

**The Delaware Journal of Corporate Law
and
Widener University School of Law**

present

**The 22nd Annual Francis G. Pileggi
Distinguished Lecture in Law**

Friday, October 20, 2006

11:00 a.m.

Polishook Hall, Room 401

SPEAKER:

HILLARY A. SALE

F. Arnold Daum Professor of Corporate Finance and Law
University of Iowa College of Law, Iowa City

TOPIC:

Caremark: A Tale of Two Fiduciaries

**This program has been approved for a total of one hour
of CLE credit in Delaware (no enhanced ethics), and
one hour of substantive CLE credit in Pennsylvania.**

FRANCIS G. PILEGGI DISTINGUISHED LECTURE IN LAW

Hillary A. Sale

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Caremark: A Tale of Two Fiduciaries

ABSTRACT

Sale's lecture "*Caremark: A Tale of Two Fiduciaries*" comes on the 10th anniversary of the Delaware Court of Chancery decision by retired Chancellor William T. Allen titled *In re Caremark International Inc. Derivative Litigation*. The famous decision dramatically focused attention on directors' roles in implementing corporate compliance programs. The case came about after Caremark paid fines of \$250 million in the mid-1990s to settle claims that Caremark employees violated federal and state laws governing health care providers. Chancellor Allen's opinion addressed the settlement of a case brought by Caremark stockholders, to hold individual Caremark directors liable for the fines paid by the company.

Sale will discuss the fiduciary role of corporate officers and directors, focusing on monitoring and compliance. These roles are key to the good faith duties of fiduciaries in corporations today. In particular, Sale will address how "red flags" can increase pressures on the monitoring role and point out failures in compliance systems. And, Sale will discuss the interplay between federal laws and regulations and common-law based fiduciary duties. The second half of Sale's remarks will focus on the fiduciary-like role assigned to judges in representative litigation. In class litigation, judges are charged with fiduciary-like responsibilities to manage the stockholder litigation. If they do so effectively, the cases can articulate and promote positive norms of corporate governance and decrease agency problems in the litigation of corporate situations.