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# SEC Demonstrates Its Continuing Focus on Complete Perks Disclosure: Charges CEO with Failing to Disclose Perks

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In furtherance of its long-established focus on inadequate disclosure of perquisites, the SEC has again demonstrated it will enforce against material failures to disclose perquisites ("Perks"). Public companies must properly disclose Perks, benefits, and other forms of compensation paid to CEOs and certain other highly compensated executive officers. The SEC, on May 11, 2017, announced that the former CEO of a marketing company, Miles S. Nadal, had agreed to pay $5.5 million to settle charges that his perks were not properly disclosed to shareholders.

The SEC's order provides that shareholders were informed in annual filings that Nadal received an annual perquisite allowance of $500,000 in addition to other benefits as the chairman and CEO of MDC Partners. The SEC's investigation, however, determined MDC Partners paid for the CEO's personal use of private airplanes as well as charitable donations in his name, yacht and sports car expenses, cosmetic surgery, and a wide range of other Perks, without disclosing information to investors as required. In the aggregate, the SEC concluded that Nadal improperly obtained an additional $11.285 million in Perks beyond his disclosed benefits and $500,000 annual allowances. Nadal has since resigned and returned $11.285 million to the company.

MDC Partners agreed to pay $1.5 million in settlement of the matter earlier this year for its role in the Perk disclosure failures.

"Perks paid to corporate executives should be properly disclosed so that investors can make informed decisions," said G. Jeffrey Boujoukos, Director of the SEC's Philadelphia Regional Office. "Nadal improperly received and failed to disclose millions of dollars in compensation."

Nadal consented to the SEC's order without admitting or denying the findings and agreed to pay $1.85 million in disgorgement plus $150,000 in interest and a $3.5 million penalty. He also agreed to be barred from serving as an officer or director of a public company for five years.

Issuers filing reports with the SEC should carefully review disclosures concerning Perks and assure that their disclosures property report all such Perks and similar benefits in their SEC filings.

You can access the SEC's Order here: https://www.sec.gov/news/press-release/2017-99

Please contact Michael E. Storck at (716-853-5100) for further information on this and any other disclosure questions or concerns.

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