

DealBook Briefing: We Still Have Questions About Wynn Resorts' Board

New York Times
February 7, 2018
By Peter Eavis

[Steve Wynn resigned yesterday](#) as the C.E.O. of Wynn Resorts after allegations of sexual misconduct. Those accusations have created an important test for corporate America. In recent months, many powerful men have had to step down from senior positions as they have faced accusations of sexual harassment, but none were the head of a public company like Mr. Wynn. How would the board, shareholders, regulators, customers and unions react?

We now know something about the shareholder perspective: Shares in Wynn Resorts were up 7 percent in early-morning trading today. Regulators in Nevada, Massachusetts and Macau are still conducting their own investigations.

But the biggest unresolved question remains the board and its conduct. The board set up a committee of independent directors to carry out an investigation after the WSJ article, but it was not clear how rigorous it would be. The board did not have a track record for holding Mr. Wynn accountable.

In an email exchange with me, Lucian Bebchuk, a Harvard law professor and an expert in corporate governance, asked why the board did not suspend Mr. Wynn from his position pending the investigation, or demand that he not interact with Wynn Resorts employees, a step that would have limited his ability to influence the board investigation.

In fact, the board, in its statement, [sounded somewhat saddened](#) by Mr. Wynn's departure, saying it had "reluctantly" accepted his resignation.

One remaining way to assess the board's resolve will be Mr. Wynn's separation agreement, which is not yet finalized.

When the WSJ article was published, Mr. Wynn denied the accusations of sexual misconduct, calling them "preposterous." On Tuesday he said, "I have found myself the focus of an avalanche of negative publicity."

It is not clear why Mr. Wynn decided to step down. It may have been pressure from gaming regulators. Customers might have been pulling back.

Mr. Wynn may have wanted to preserve the value of his own stake in Wynn Resorts. But as it stands, it does not look like the board was a strong force.