

# SEC Division of Corporation Finance Monitoring and CEO Power

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## SUMMARY

Section 408 requires the Securities and Exchange Commission (SEC) to review the filings of all SEC registrants every three years. Our study investigates this SEC monitoring role and differs from past SEC research by focusing on the SEC Division of Corporation Finance (DCF) rather than the Division of Enforcement and specifically on DCF’s “review and comment” monitoring role. We rely on past theoretical research in management, finance, and accounting that provides us with arguments suggesting the DCF may target companies with strong CEOs and weak monitoring. Our findings cast light on the power struggle between the board and CEO by suggesting that the CEO’s influence over the board may adversely affect board oversight. In addition, our results indicate that the DCF-prompted restatements lead companies to re-evaluate their governance structure.

**Keywords:** [DCF](#), [monitoring](#), [governance](#), [CEO](#)

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