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Termination

Stephen Easterbrook was fined \$400,000 and barred from holding corporate officer or director roles for five years.

Jan. 09, 2023



By Talia Soglin, Chicago Tribune (TNS)

The Securities and Exchange Commission Monday charged former McDonald's CEO Stephen Easterbrook with making "false and misleading statements" to investors for allegedly failing to disclose the extent of his romantic relationships with employees prior to [his 2019 termination](#).



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the Securities Act of 1933 and the Securities Exchange Act of 1934. Easterbrook has been fined \$400,000 by the agency.

The SEC also charged McDonald's for shortcomings in its public disclosures about Easterbrook's termination, although the company was not fined due to its "substantial cooperation" during the agency's investigation and because it had already recovered compensation Easterbrook received from his original separation agreement.

Easterbrook was fired "without cause" by McDonald's in November 2019 in a deal that allowed him to hold onto equity compensation he would have [otherwise been forced to forfeit](#). In 2020, McDonald's sued Easterbrook after it found via an internal investigation that the former CEO had misled the company about the extent of his misconduct, which involved [multiple sexual relationships with other employees](#).

When he was fired, [Easterbrook told McDonald's he had not been involved](#) in additional misconduct beyond his nonphysical relationship with one employee. McDonald's said it would not have classified his termination as "without cause" had the company known the full extent of his misconduct.

"When corporate officers corrupt internal processes to manage their personal reputations or line their own pockets, they breach their fundamental duties to shareholders, who are entitled to transparency and fair dealing from executives," said Gurbir S. Grewal, the SEC's director of the division of enforcement, in a statement Monday.

According to the SEC, neither Easterbrook nor McDonald's have admitted or denied the agency's findings. Both parties have consented to a cease-and-desist order, which bars Easterbrook from holding corporate officer or director positions for five years.

In a statement Monday, McDonald's said it had held Easterbrook accountable for his

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Monday.

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