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Disclosure About Steve Jobs's Illness: Apple Should Provide It, the SEC Should Require It



By [Ben W. Heineman Jr.](#)

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It boggles the mind.

Steve Jobs has taken a medical leave of absence for an unspecified reason and for an indeterminate amount of time.

But, in his email to Apple employees, he says "my family and I would deeply appreciate respect for our privacy."

Jobs is the CEO of the second most valuable U.S. company (market cap of more than \$300 billion). He is regarded by many as the inspiration for the company's innovative designs. He is a global public figure--and the leader upon whom Apple investors rely.

We have seen this movie before, and the rerun is no better than the original. In 2009, Jobs took an unexplained leave of absence for medical reasons and returned a number of months later with a liver transplant.

His medical condition should have been disclosed then. And it should be disclosed now.

Under the securities laws, companies are required to disclose material information: usually defined as any information that would influence an investor's decision to buy or sell securities.

Just the announcement of Jobs' most recent medical leave caused Apple stock to drop dramatically on international exchanges (the U.S. markets are closed in honor of Martin Luther King Day).

Especially in light of past pancreatic cancer and the liver transplant, his current illness is surely material---surely would affect an investor's decision to buy or sell securities.

The right to privacy of a CEO about medical conditions should be outweighed by the need for disclosure under certain conditions, including the following: when there is a life-threatening illness; when there is a substantial leave of absence that raises questions about current and future ability to lead the company; or when an illness impairs a CEO's ability to do his or her job.

It seems clear that one of these conditions applies here. The SEC, which has been reluctant to promulgate rules on disclosure of CEO illness, should do so now. The latest secrecy by Jobs is not tolerable. And Apple, if it wishes to retain the loyalty of thoughtful (not emotional) shareholders, should also disclose the condition as a matter of basic principle regarding sound and fair investor relations.

Everyone wishes Jobs a full and speedy recover. But, given Jobs' powerful position, we should know from what.

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