



***REASONS FOR A
STRONG
COMPLIANCE &
ETHICS PROGRAM***



WHY HAVE A COMPLIANCE PROGRAM

- **THE DECISION TO PROSECUTE**
- **CONTESTING LIABILITY**
- **AVOIDING PUNITIVES**
- **SENTENCING?**
- **MARKET EXPECTATIONS AFTER ENRON**
 - INVESTORS
 - BOARD MEMBERS
 - PROSPECTIVE EMPLOYEES
 - EXISTING EMPLOYEES
 - GOVERNMENT AS A CUSTOMER
 - COMMERCIAL CUSTOMERS
- **GLOBAL DEVELOPMENTS**
- **A STRATEGIC ADVANTAGE!**
- **IT'S THE RIGHT THING TO DO**



Policies Favoring Compliance Programs

- Caremark decision
- DOJ Principles for Prosecution of Corporations
- EPA Voluntary Disclosure
- HHS/OIG
- EEO Guidance/*Kolstad* and *Ellerth*
- Sarbanes-Oxley
- NYSE Listing Requirements



12 REASONS - #1

AVOIDING THE BIG LEGAL STICK



HOW THEY FIND OUT

- **“THANKS FOR NOT WEARING A WIRE!”**
 - THE ADM CASE
- **UNHAPPY SPOUSES**
 - THE PURCHASING MANAGER’S SPOUSE
- **QUI TAM**
 - A LITTLE INCENTIVE
- **UNHAPPY COMPETITORS**
- **UNHAPPY EX-EMPLOYEES**
- **YOU NEVER KNOW WHAT YOU’LL HEAR**
 - “LET’S MEET IN THE BAR ACROSS THE STREET”
- **WHAT WILL THEY WRITE DOWN NEXT?**
 - “LET’S BE PREDATORY ABOUT IT!”



12 REASONS - #2

PROTECT THE BOARD



12 REASONS - #3

**PROTECT THE
BRAND AND
COMPANY
REPUTATION**



12 REASONS - #4

**IT'S NOT
OPTIONAL**



12 REASONS - #5

**IT CAN HAPPEN
HERE**

**SMART
BUSINESSES ARE
DOING THIS**



12 REASONS - #7

**IT'S A GLOBAL
TREND**

**PROTECT THE
COMPANY FROM
WASTE, FRAUD &
ABUSE**



12 REASONS - #9

**WE'RE ALREADY
PART WAY THERE**



12 REASONS - #10

**IT'S THE RIGHT
THING TO DO**

**IT FITS OUR
CORPORATE
STRATEGY**

TAKING THE OFFENSIVE