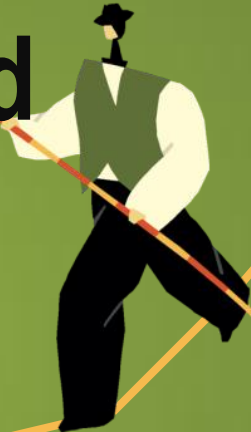


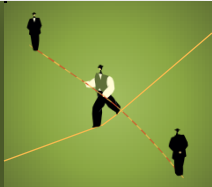
NAVIGANT



FCPA Enforcement and Compliance Update



Martin T. Biegelman, CFE, CCEP
Director, Global Investigations & Compliance
Navigant



IBM CLEANSSES ITS CHINA RANKS OF CORRUPT STAFF

**SIEMENS PAYS RECORD FINE IN PROBE
BAE FINED \$400M FOR FRAUD**

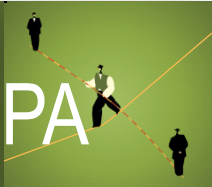
RIO TINTO CHINA EMPLOYEES GET PRISON TERMS

22 ARRESTED IN BRIBERY SCHEME

H-P EXECS FACE GERMAN BRIBERY INQUIRY

DAIMLER TO PAY U.S. \$185 MILLION FOR BRIBES

Watergate, Slush Funds, and the Enactment of the FCPA



The New York Times LATE CITY EDITION
 "All the News That's Fit to Print"
 VOL. CXXIII No. 43,488 NEW YORK, FRIDAY, AUGUST 9, 1974 11 CENTS

NIXON RESIGNS

HE URGES A TIME OF 'HEALING'; FORD WILL TAKE OFFICE TODAY

'Sacrifice' Is Praised; Kissinger to Remain

The 37th President Is First to Quit Post

Speculation Rife on Vice President

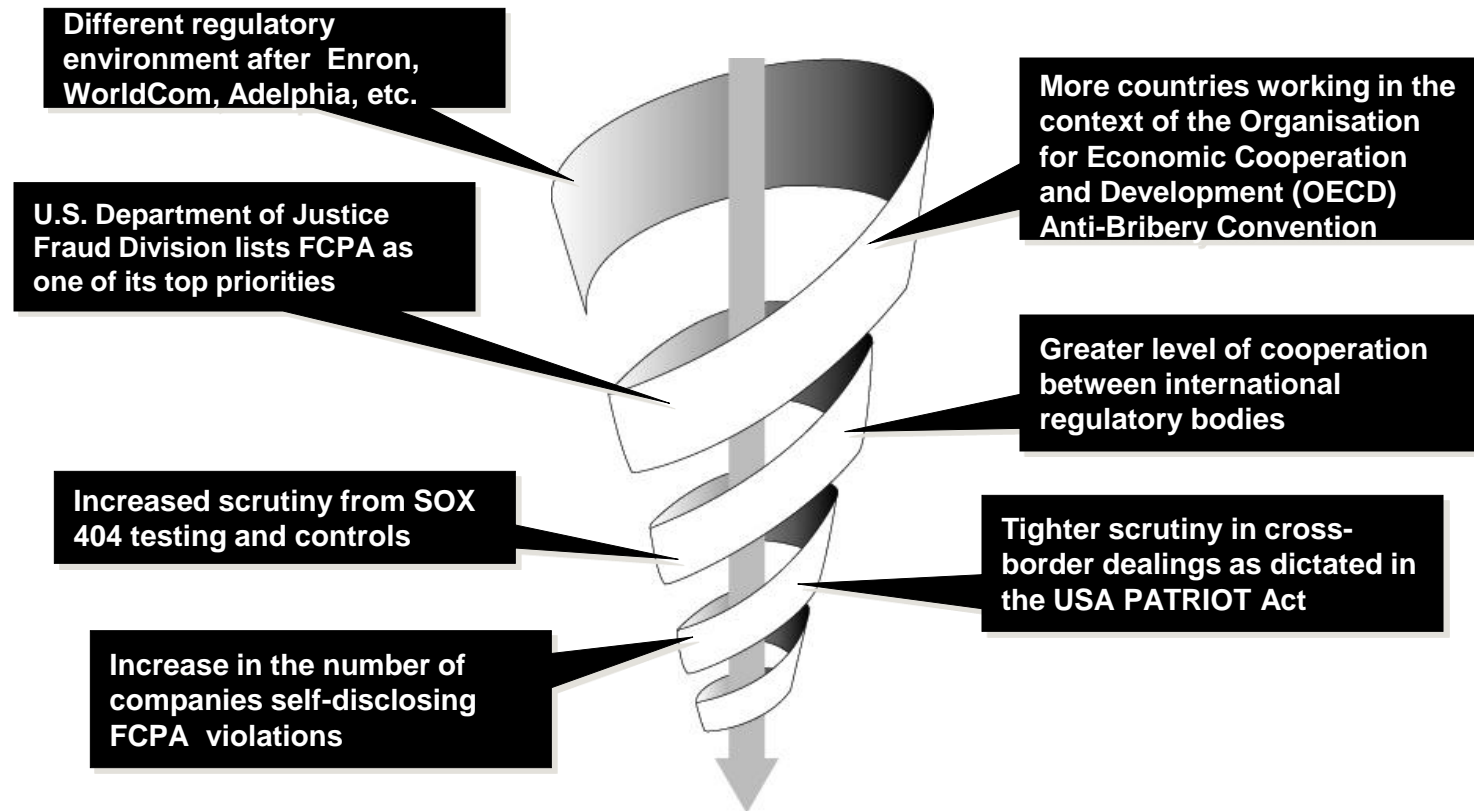
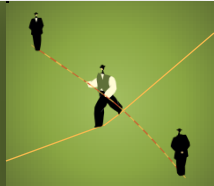
Rise and Fall
 Appraisal of Nixon Career

JAWORSKI ASSERTS NO DEAL WAS MADE

Lockheed Scandal: Graft Around the Globe

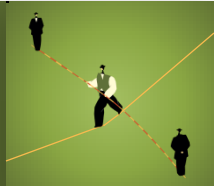
TIME
 FEBRUARY 25, 1976
THE BIG PAYOFF
 Lockheed Scandal: Graft Around the Globe

An Increase in FCPA Enforcement



The trend of increasing numbers of enforcement actions and voluntary reporting will continue

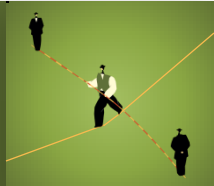
Top Ten FCPA Settlements



1. Siemens - \$800 million (2008)
2. KBR/Halliburton - \$579 million (2009)
3. BAE - \$400 million (2010)
4. Snamprogetti Netherlands P.V./ENI S.p.A. - \$365 million (2010)
5. Technip S.A. - \$338 million (2010)
6. Daimler AG - \$185 million (2010)
7. Baker Hughes - \$44.1 million (2007)
8. Willbros - \$32.3 million (2008)
9. Chevron - \$30 million (2007)
10. Titan Corporation \$28.5 million (2005)

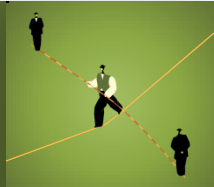
Source: FCPA Blog

Foreign Corrupt Practices Act



- » FCPA prohibits U.S. companies, their subsidiaries, employees, and agents from paying or offering to pay anything of value:
 - › To a foreign official, political party, or candidate in his or her official capacity, or;
 - › To any person, directly or indirectly, knowing that any part of the payment is destined for a foreign official;
 - › In order to corruptly influence the recipient to act, fail to act, or to secure an improper advantage, or;
 - › In order to cause the recipient to use his or her influence to assist the company in obtaining, retaining, or directing business, or;
 - › In order to cause the recipient to do or omit to do any act in violation of his or her lawful duty.

FCPA's Two Provisions



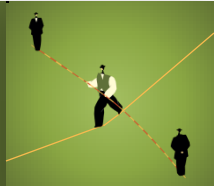
» Anti-bribery

- › Giving or offering anything of value to a foreign official
- › With the intention of obtaining or retaining business, or
- › Obtaining an improper business advantage
- › In connection with a business transaction

» Internal Accounting Controls & Recordkeeping

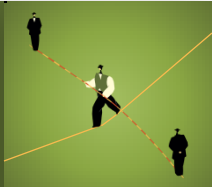
- › Maintenance of books and records that accurately reflect each transaction
- › Maintenance of a system of internal accounting controls

Defining Government Employees



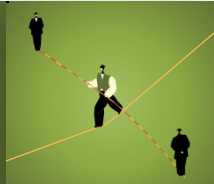
- » In certain countries and in certain industries, an individual who seems to work for a private entity may, in fact, be considered a government official
- » Government officials can be:
 - › An employee of a government entity, including elected officials
 - › Employees of government owned or controlled companies
 - › A private person acting on behalf of a government entity
 - › Candidates for political office and political party officials
 - › Employees and representatives of public international organizations, such as the World Bank and United Nations

Facilitating Payments



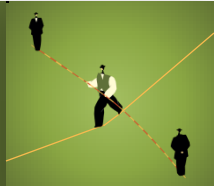
- » For “routine governmental action”
 - › Obtaining permits, licenses, or official documents to facilitate business in a foreign country
 - › Processing governmental papers
 - › Providing police protection, official inspections related to transit of goods, scheduling of inspections, or mail delivery
 - › Telephone, power, water or other utilities service, unloading cargo, or protecting perishable products
 - › Other services not related to the decision to award new business or continue business

Global Oil and Oil Services Industry Prosecutions



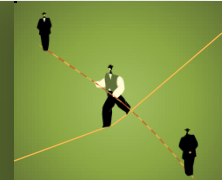
Company	Allegations	Countries	Settlement
Panalpina World Transport, Ltd.	From 2002-2007, \$49M in payments	Angola, Azerbaijan, Brazil, Kazakhstan, Nigeria, Russia, Turkmenistan	DOJ - \$70.56M fine, DPA SEC-\$11.33 disgorgement
Pride International, Inc.	From 2001-2006, \$2M in payments	Congo, India, Kazakhstan, Libya, Mexico, Nigeria, Saudi Arabia, Venezuela	DOJ-\$32.6M fine, DPA SEC-\$23.53M disgorgement
Royal Dutch Shell	Frpm 2002-2005, \$3.5M in payments	Nigeria	DOJ-\$30M fine, DPA SEC-\$18.5M disgorgement
Transocean, Inc.	From 2002-2007, \$240K in payments	Nigeria	DOJ-\$13.44M fine, DPA SEC-\$7.27M disgorgement
Tidewater Marine International, Inc.	From 2001-2007, \$1.76M in payments	Azerbaijan, Nigeria	DOJ-\$7.35M, DPA SEC-\$8.1M disgorgement
Noble Corp.	From 2003-2007, \$79K in payments	Nigeria	DOJ-\$2.59M fine, NPA SEC-\$5.58M disgorgement
Global Santa Fe Corp. (merged with Transocean in 2007)	From 2002-2007, \$465K in payments	Angola, Equatorial Guinea, Gabon, Nigeria	DOJ-No action SEC-\$3.76M disgorgement


Enforcement Trends



- » Use of traditional law enforcement tools
 - › Undercover sting operations, flipping suspects and use of cooperators, electronic surveillance, search warrants
- » Actively working with foreign law enforcement counterparts
- » Self-reporting and cooperation
- » Jury trials
- » Use of other federal criminal statutes
 - › Travel Act, false statements, export control laws, money laundering, wire fraud
- » Focus on small foreign subs with little oversight
- » Forcing management changes
- » Appointment of independent monitors

Schnitzer Steel, M&A, SOX and the FCPA






SCHNITZER STEEL INDUSTRIES, INC.

Strength. Sustainability. Success.

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[Company](#) | [Metals Recycling](#) | [Auto Parts](#) | [Steel Manufacturing](#) | [Investors](#) | [Careers](#) | [Values](#) | [Contacts](#)



METALS RECYCLING

Founded in 1906, Schnitzer Steel is a global leader in the metals recycling industry.


Our [metals recycling](#) division collects, processes, recycles, trades and brokers ferrous and nonferrous scrap metal and provides processed scrap metal to mills around the world. Our [used auto parts](#) division provides low-cost quality parts to customers across the U.S. and Canada. Our [steel manufacturing](#) division transforms recycled scrap metal into quality finished steel products such as reinforcing bar (rebar), wire rod, coiled bar, merchant bar and other specialty products.

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LATEST SCHNITZER NEWS

- [07/01/08](#) Schnitzer Steel Reports Record Quarter
- [06/27/08](#) Schnitzer Steel Industries, Inc. Third Quarter 2008 Earnings Conference Call
- [05/12/08](#) Schnitzer Steel's Auto Parts Business Named "Recycler of the Year" by Steel Manufacturers Association
- [05/05/08](#) Schnitzer Steel Board Declares Quarterly Dividend
- [04/03/08](#) Schnitzer Steel Reports 34% Increase in Second Quarter Earnings Per Share

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SCHNITZER STEEL IS...

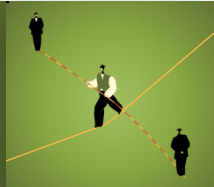
- All about [sustainability](#)
- An exciting place to [start or continue a career](#)
- Active in the [communities](#) we are located

SCHN 88.87

▲ 3.22 (3.76%)

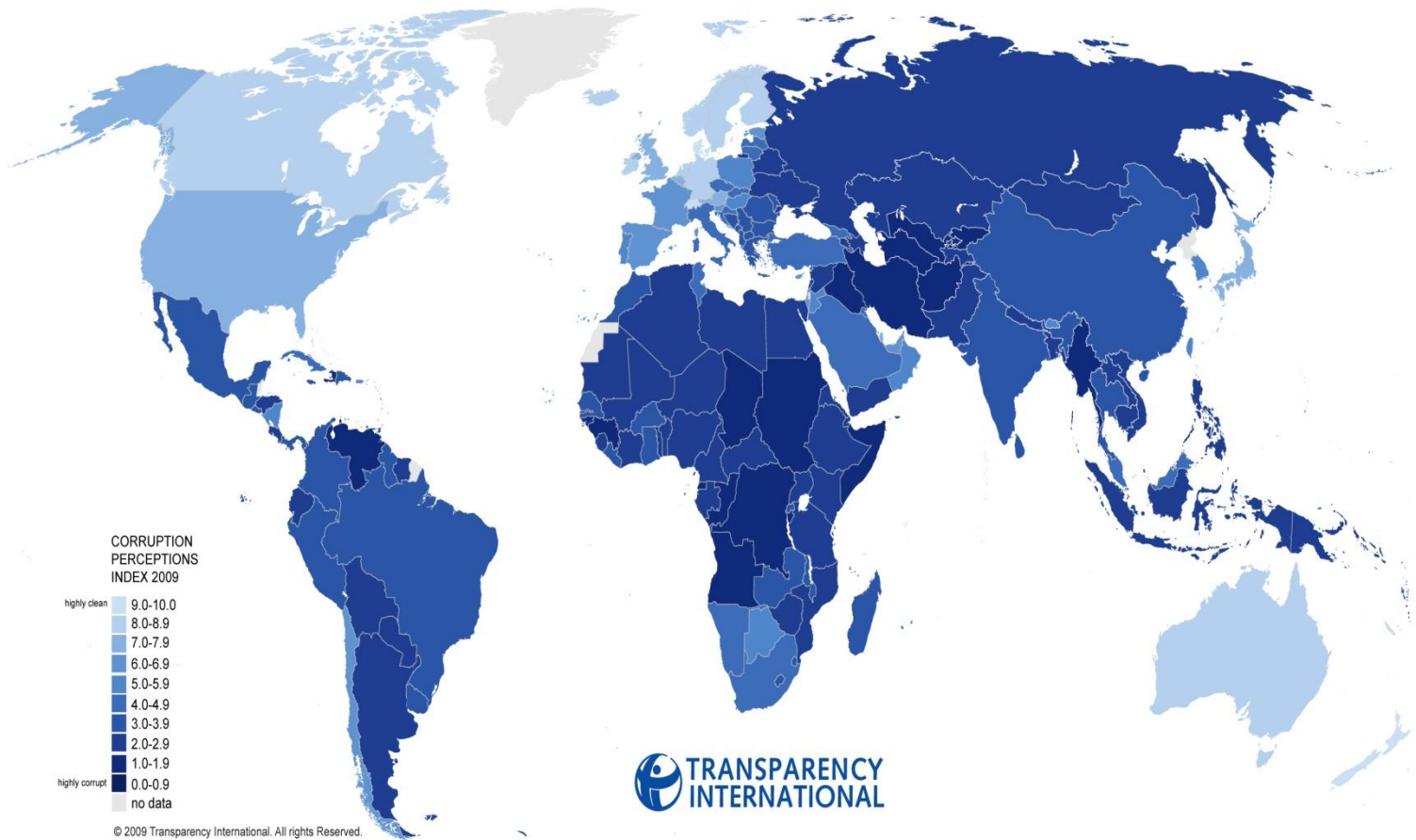
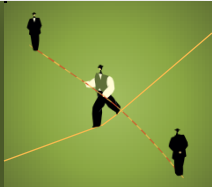
NASDAQ GS
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Corruption is a Global Issue

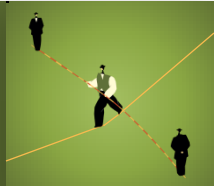


- » People and governments around the world are aligning to fight bribery and corruption
- » The Organisation for Economic Co-operation and Development (OECD) is working with governments to address the economic, social, and governance challenges of globalization
- » OECD's *Good Practice Guidance on Internal Controls, Ethics, and Compliance*
- » Business organizations should play a leading role providing information, advice, and training SMEs in preventing and detecting bribery

Corruption Perceptions Index 2010



UK's Serious Fraud Office



SFO | SERIOUS FRAUD OFFICE

Press room Search

Report a fraud
+44 (0)20 7239 7388

Home Fraud Bribery & Corruption Victims Witnesses Protect against fraud About us Our work

Combating major fraud and corruption

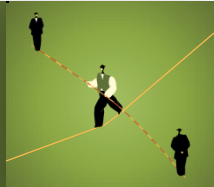
Our aim is to protect society from extensive, deliberate criminal deception which could threaten public confidence in the financial system. We investigate **fraud** and **corruption** that requires our investigative expertise and special powers to obtain and assess evidence to successfully prosecute fraudsters, freeze assets and compensate **victims**

Our Performance

88 cases, more than £6 bn
currently under investigation by the SFO

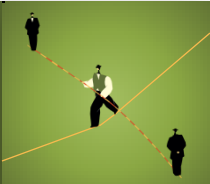
During the last 12 months we have accepted 17 new cases for investigation

UK Bribery Act 2010

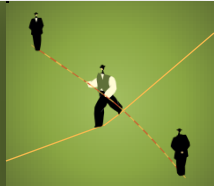


- » Passed by Parliament in April 2010, effective July 1, 2011
- » Two new bribery offenses
 - › Bribery of foreign public official
 - › Corporate offense of failure of commercial organization to prevent bribery
- » Criminalizes both public and private bribery
- » Liability for criminal conduct of an “associated person”
- » No exception for facilitation payments
- » Defense to liability if “adequate procedures” to detect and deter corruption are in place

Wall Street Reform and the FCPA



Dodd-Frank Wall Street Reform & Consumer Protection Act

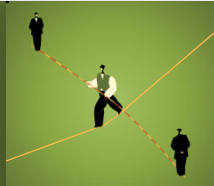


- » “Bounty hunting for fun and profit”
- » Section 922
- » Incentivizes corporate whistleblowers to report securities violations including FCPA
- » Authorizes SEC to pay between 10 - 30% of money collected exceeding \$1 million
- » Voluntary disclosure of original information leading to successful enforcement action
- » Contains anti-retaliation measures including private cause of action for retaliation

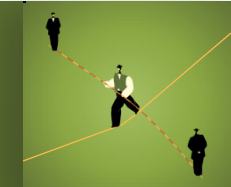
Siemens: A New Commitment to a Culture of Compliance



Siemens' Compliance Enhancements



- » Anti-Corruption Training and Handbook
- » Ombudsman Program
- » Strengthened Internal Audit Function
- » Enhanced Internal Controls
- » Compliance Helpdesk
- » Anti-Corruption Toolkit
- » Business Partner Review and Approval
- » Supplier Code of Conduct
- » Compliance Progress Report
- » Partnering Against Corruption Initiative



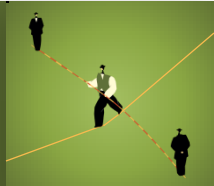
Roadmap to Compliance with the UK Bribery Act: NAVIGANT What Business Organizations Need to Know and Do Now

Effective Date for Implementation is July 1, 2011

I. Preparation and Learning	II. Inventory Program Elements and Vulnerability Risk	III. Gap Analysis and Potential Exposure	IV. Operational and Internal Control Enhancement	V. Deployment and Implementation	VI. Monitoring and Ongoing Review
<p>A. Understanding the UK Bribery Act and March 2011 Guidance</p> <ol style="list-style-type: none"> 1. General offenses 2. Corporate liability for failure to prevent bribery 3. Associated persons, corporate hospitality, facilitation payments 4. Prosecution guidance and defense for adequate procedures <p>B. Corporate governance</p> <p>C. Review of existing anti-bribery and corruption compliance program and policies</p> <p>D. Leverage internal and external subject matter expertise in process</p>	<p>A. Review program elements in relation to guidance's Six Principles</p> <ol style="list-style-type: none"> 1. Proportionality 2. Top level commitment 3. Risk assessment 4. Due diligence 5. Communication 6. Monitoring <p>B. Identify and assess relevant policies, procedures and controls to size, nature complexity of business</p> <p>C. Assess corruption risk by geography, sector, transaction, business opportunity, partnership, third parties and other organization specific risks</p>	<p>A. Conduct gap analysis</p> <ol style="list-style-type: none"> 1. Establish best practices after determining required controls and guiding compliance principles 2. Test for gaps in the policies, procedures, practices and controls 3. Identify any obstacles that could prevent the desired results 4. Identify any impact that these changes may cause to existing policies, procedures and practices <p>B. Program review</p> <p>C. Benchmark corporate ethics and anti-bribery policies with FCPA, UK Bribery Act and other local laws</p>	<p>A. Identify areas of leverage from existing systems and processes</p> <p>B. Financial, accounting and auditing controls</p> <p>C. Robust internal audit function for anti-corruption audits and compliance design</p> <p>D. Enhancements could include:</p> <ol style="list-style-type: none"> 1. Gifts, travel and entertainment expense booking, tracking, approval and reporting 2. Procurement, onboarding vendors and other third parties 3. Contractual process 4. Acquisitions and new business lines 5. Lobbying, charitable donations, and hiring 	<p>A. Role of organizational leadership, middle management and business ownership in anti-bribery compliance</p> <p>B. Update policies, procedures and controls</p> <p>C. Analyze existing accounts including associated persons</p> <p>D. Employ risk assessment services</p> <p>E. Whistleblower policies, business conduct reporting lines and investigative response</p> <p>F. Ongoing training and communication</p> <p>G. Performance incentives and disciplinary mechanisms</p>	<p>A. Continuous system review, evaluation and improvement</p> <p>B. Testing and validation</p> <ol style="list-style-type: none"> 1. Red flag analysis 2. Payment analysis 3. Risk ranking 4. Business partners and associated persons vetting <p>C. Ongoing surveys, questionnaires and feedback from employees and associated persons</p> <p>D. Ongoing exchange of anti-bribery best practices with other business organizations</p> <p>E. Responding to criminal conduct and remedial action</p>

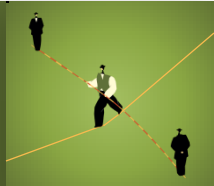
The amount of time, resources and organizational commitment necessary to complete each of the above stages will vary by business entity.

Creating a Culture of Compliance



- » Compliance department managed by person with senior-level authority and direct reporting to Board or Audit Committee
- » Review and comply with the FCPA, UK Bribery Act, and other anti-corruption laws
- » Know red flags and take action once notified
- » Third parties need constant evaluation and monitoring
- » Conduct due diligence in M&A and avoid successor liability
- » Training, training, and more training

Creating a Culture of Compliance



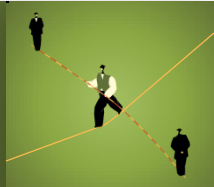
» Robust Role of Internal Audit

- › Engagement with senior leadership and audit committee
- › Audit staff as anti-corruption audit SMEs
- › Conduct ongoing anti-corruption audits (M&A, RE&F, lobbying, public sector sales consultants, charitable donations, gifts, hospitality, travel, etc.)
- › Identify unusual payments

» Integrity Toolkits for Sales & Marketing Employees

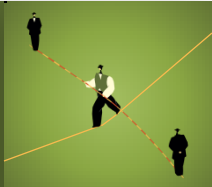
- › Anti-corruption fundamentals for high risk employees
- › Do's & Don'ts/Giving and receiving gifts/Common scenarios when dealing with govt. officials
- › FAQs and resource links

Creating a Culture of Compliance



- » Strong whistle-blower program and non-retaliation policies/well-publicized and responsive hotline
- » Conduct corruption risk assessments with focus on high-risk areas
- » Periodically assess and modify the program
- » Stop corrupt payments once discovered
- » Prepare a Compliance Emergency Preparedness Kit for use when misconduct is discovered
- » Consider self-reporting violations
- » Use well-qualified outside counsel, consultants, and monitors

The Skunk in the Room



- » World-class compliance requires speaking up.
- » “A skunk in the room is that contrary person who says no when everyone else is saying yes — the person who is not afraid to ask the tough questions, especially when others do not want to hear them.”
- » Compliance, not defiance.

Thank You!

Questions?

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