At Close Quarters

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A CEO's Guide to Navigating the Unanticipated Government Investigation and Regulatory Enforcement Action: *Internal Investigations, Best Practices, Mistake Avoidance and the Corporate Compliance Value Proposition*

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Foreword

This work, as a legal writing, is not particularly ambitious. You will not find in the following pages a single citation to legal authority, there are no footnotes or appendices, and there will not be space devoted to abstract discussions of complex legal concepts.

But it is far from superficial. Everything in this book is grounded in the law and is based on decades of experience helping numerous clients who have had to deal with prosecutors, agents and government officials who suspect or, worse, who have already concluded that a business – or one or more of its owners, executives, managers, employees, suppliers or distributors – has done something very wrong. Something criminal even.

We set out here to provide the business that has rarely if ever been involved in a government investigation or regulatory enforcement action a simply-written guide outlining some of the most common events – and attending processes and protocols – that follow the commencement of a law enforcement investigation. While it identifies a number of best practices and suggests possible alternative responses to the government's efforts, our aim ultimately is simply to inform and demystify a process that many find intimidating and frightening.

In the process, we suggest the utility of the early adoption of a strategic orientation that in the first instance emphasizes the avoidance of the sorts of mistakes made by many organizations that suddenly and unexpectedly

find themselves under investigation. Because the legal and practical consequences flowing from any given government investigation are usually not predictable at the very outset of the government's work, we have found that some clients mentally telescope ahead to a hypothetical array of really bad possible outcomes: indictments, arrests, fines, imprisonment and forfeitures. Management of a public company in particular will begin immediately to worry about not just how to manage the looming media relations nightmare but how best to respond to the inevitable expressions of investor angst or outrage that are soon to follow. Thoughts often soon stray to other far less intuitive consequences – long-term company valuation losses, possible earnings restatements, the loss of customers, employee layoffs, law suits, ruined careers and defections of essential personnel. The danger of projecting ahead too far -- and too negatively -- is the risk that management may lose sight of the imperative to attend carefully to the very important tasks and demands that will be most immediately at hand at the very beginning of the ordeal. "Taking care of business" in these circumstances requires great focus and deliberateness by management in fashioning critical early responses to the sudden and unexpected threat posed by the government's interest in the enterprise.

The same caution applies to management's orientation during later stages of the government's efforts. Investigations and regulatory enforcement actions usually follow a fairly predictable course. Many important decision points will present themselves as the investigation matures. There is almost always time carefully to work through different strategic approaches to how the business will engage both with the government and with important constituents of the enterprise. Experience has shown the critical importance of preventing this otherwise manageable process from turning into a long and escalating series of mistake-ridden crises. Calm and deliberateness will always be the order of the day. This writing offers practical recommendations and suggestions directed towards the avoidance of oft-recurring management foot faults -- errors that can prove problematic when, at the end of the process, the business gets to the point of exploring acceptable resolutions with the government.

We do all this in a way designed to educate and inform without belaboring the reader with unnecessary resort to legal jargon or lawyer-to-lawyer "*inside baseball*." The tone is deliberately conversational. The intended audience is the business professional needing to better understand and wrestle with a unique business problem, and one that will present itself in different forms over the following months, such as how to anticipate the execution of a possible search warrant or "*dawn raid*," deal with government requests for informal witness interviews, respond to investigative subpoenas, prepare managers for grand jury appearances and provide employees with requested legal help. Most importantly, we set out early in this work to educate the reader as to how best to get a handle on the all-important facts that most likely led to the government's interest in the business in the first instance – facts that will ultimately drive important decision-making by the company at each and every step of the way.

Our approach is to mimic what a good lawyer would explain in plain language to a sophisticated lay client about what are sometimes hard to understand processes. The book does not need to be read in its entirety or sequentially. It has been written to make the topics addressed here quickly accessible without having to read preceding chapters for fear that important preliminary concepts have been overlooked.

We hope, among other things, to show that, by promptly obtaining the assistance of a lawyer and supporting forensic professionals schooled in government investigations, a company can both greatly help avoid early mistakes and increase its ability later to mitigate the array of possible bad outcomes that may lie ahead. We also, by informing the reader of the typical processes associated with government investigations and enforcement actions, aspire to promote appropriately-calibrated discussions between lawyer and client during each phase of the government's efforts.

Perhaps most importantly, we seek ultimately to convince the reader that management's genuine embrace of robust preventive measures -- through promotion of a true "*culture of compliance*" within the organization and by investments in not so hard to design and implement compliance infrastructure -- can pay enormous dividends when, at the end of the process, the government makes its

decisions about prosecutions, fines, imprisonment and other much more benign, and yet often quite attainable, outcomes.

***DISCLAIMER**: This Guide is not intended to serve as a comprehensive delineation and examination of the many potential legal issues that can arise in the context of the government's launch, or potential launch, of a criminal investigation, prosecution or regulatory enforcement action. It is not offered as legal advice and the information contained in this Guide should not be relied upon as such.*

The laws, rules and procedures relating to criminal and regulatory processes differ from jurisdiction to jurisdiction, from agency to agency and from federal to state, and this Guide does not attempt to call out or reconcile those many differences. Rather, the Guide outlines certain processes common to most investigations, wherever conducted, largely from the orientation of federal practice and procedure.

The provision of legal advice typically requires an attorney's full understanding of individual facts and all of the surrounding circumstances, followed by a tailored application of the law unique to the jurisdiction whose laws control. In other words, the appropriate legal response to any particular issue or predicament cannot be found simply upon a lay reading of a general introduction to a subject such as is presented in the following pages. If advice concerning a specific matter or other legal assistance is needed, the service of a competent professional should be sought.

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Introduction

The receipt of a grand jury subpoena or investigative demand, or of other news suggesting that federal or state law enforcement agents and prosecutors have developed an interest in a business, invariably causes great alarm. At times, particularly where the business is aware of the basis for the government's interest, the alarm is fully warranted – federal law enforcement officials have been increasingly aggressive in prosecuting and punishing business crimes, and even the collateral consequences to a company or to an executive that has become a "*subject*" or "*target*" of an investigation can be many. At other times, the level of alarm is more the function of the unknown. Owners and managers of compliance-conscious, law-abiding businesses typically have no significant experience that will help them understand whether the interest of law enforcement should be a cause of real concern or whether the worst-case outcomes that spring to mind are mostly imagined. While management will invariably turn to their in-house counsel or trusted outside attorney to answer the flood of questions that such events usually prompt, the reality is that the *law enforcement* legal terrain is alien to many of the most seasoned lawyers.

Devising effective management responses to the initiation and later progression of any criminal or regulatory investigation requires the making of very difficult and often subjective judgments. Management is thus best advised promptly to enlist the assistance of a legal professional and, if at all possible, counsel having significant *white-collar* criminal defense and corporate

compliance experience, not only to guide the company through the investigation but to avoid errors that can affect the perceptions that law enforcement officials form about a company and its managers. The adverse appearances that can flow from early management missteps are often hard to shake and they can significantly – and negatively – affect the outcome of an investigation or enforcement action.

The following materials provide a summary exposition of the law enforcement landscape that businesses and their managers must sometimes traverse. Our identification and description of fundamental investigative protocols and standards is based predominantly on *federal* criminal practice and procedure. Federal prosecutors and the federal judiciary have long taken the lead in developing *best practice* in the areas we address below. The use of a federal criminal law and procedure lens allows us to address concepts that are largely common to the work of most investigatory authorities throughout the United States – prosecutors, regulators and law enforcement agencies alike. We approach the subjects addressed in the six chapters below on the uncontroversial premise that government investigations, no matter their jurisdictional grounding, generally proceed within a common framework and along fairly predictable timelines. Still, the reader is cautioned that the laws, rules and practices followed by authorities in individual states may differ from some of the processes and protocols described below. Also, some regulatory agencies on the federal level have detailed written guidelines governing how they conduct their investigations, initiate regulatory enforcement processes and resolve their cases. Resort must always ultimately be had then to the local laws of individual jurisdictions or to the specific rules and processes applicable to the regulatory agency involved.

We start at Chapter I addressing at some length the critical importance, at the first sign of possible government trouble, of conducting an effective *triage* of the situation at hand and thereafter promptly embarking upon as error-free an *internal investigation* as can be had to get to the root of the government's interest. We devote particular attention to identifying the important decision points that will present themselves to management at the outset of enforcement activity, and there are many. The point of Chapter I is largely to

underscore the need for management to make smart decisions very early on. Hurried reactions, including internal and external expressions of hostility to the government's work, can cause great harm. Deliberateness is critical. Early and careful internal fact-finding is indispensable. There is usually abundant time to make intelligent choices about how best to launch the internal reviews and investigations that are necessary to inform decision-making throughout the process ahead and we address in this Chapter a number of best practices that sophisticated business organizations employ when launching and conducting internal investigations.

At Chapter II, we suggest ways management can best prepare for and respond to a government decision to execute the highly intrusive – and business disrupting – search warrant. Many business people believe the search warrant to be the stuff of grimier investigations, used by the "*cops*" to unravel complicated murder mysteries or to dismantle drug distribution rings or racketeering organizations. The reality is that law enforcement authorities in the United States have long used this tool when investigating "*paper*" crimes, as the element of surprise and lack of pre-warning reduces the risk that documents critical to a case will disappear or that computer drives and laptops will be cleansed. In Europe and Asia too, the so-called "*dawn raid*" has been employed commonly at the outset of even the most complicated investigations of antitrust, intellectual property and other business crimes. While the search warrant surprise factor creates an opportunity for the *government* to collect evidence that might otherwise evade authorities, it creates great risk to the *business* subject to the search -- particularly, the risk that local managers on the scene will, in the interest of protecting themselves or the company, make mistakes during the search that may later prove costly and the risk that the company will publicly overreact to the event and cause for itself lasting perception problems. In this Chapter we focus on best practices senior management should consider when called upon to manage this most exigent of law enforcement encounters.

In Chapters III and IV we discuss the bread-and-butter stage of any *white-collar* investigation: the issuance of subpoenas for documents and records, the interview of employees and managers and the summonsing of witnesses

to appear and testify before a grand jury or other investigative body. Here, there is usually abundant time for careful attention to how best to respond to such standard requests for physical evidence and testimony so as to ensure that the company remains perceived by the government as fully committed to cooperating with the investigators. Risks remain, however. Sometimes government requests for access to witnesses may come without warning (and may not even be directed to the company at all) and there is always the possibility that, unless potential evidence is secured early on, things will disappear before the government gets there. Nothing can be worse for a company or individual who has become a subject or target of an investigation than to have the government conclude that efforts were taken to obstruct its investigation. These Chapters focus on prudent precautions to ensure that this more routine phase of a government investigation is navigated without adverse incident.

Chapter V is dedicated to a discussion of the considerations government officials take into account when determining whether to charge a company or its management and, when that happens, the possible array of sanctions business entities and individuals may face. Focus on the "*end game*" – and close and early attention by management to what company counsel will be trying to achieve in his or her discussions with the government at the beginning, middle and end of the process – enormously informs how the company should go about defending its interests throughout the investigation. In order to appropriately set the table for a discussion of the range of possible bad outcomes ahead for any company under investigation – and of the sometimes-limited discretion afforded to a prosecutor to make choices between them – not insignificant early attention in this Chapter is devoted to describing the charging and sentencing processes employed by the government and the courts. Then, beyond identifying the worst of the worst-case outcomes (prison, fines, forfeitures, *etc*.), we address a few of the "*happy endings*" that may follow a lengthy investigation of a business, such as the government's decision to decline prosecution entirely or the employment of specially sanctioned agreements (known as "*deferred prosecution agreements*" and "*non-prosecution agreements*") that federal prosecutors have been permitted to use to conditionally shut down business-related investigations.

We conclude at Chapter VI, importantly, with consideration of some of the many easy-to-implement and cost-effective prevention and risk reduction measures that can help businesses avoid the more draconian of the bad outcomes that might follow a government investigation. It is today the expectation of regulators and investigators that companies of any significant size or complexity will have in place compliance protocols and processes designed to avoid and detect improper conduct. This Chapter explains why, even without this expectation, fostering a robust compliance environment is nothing short of a prudent risk management strategy that should pay dividends far beyond the avoidance or mitigation of government sanction should something go wrong.

We cover a lot of ground and so, consistent with the goals of this work, the materials below serve only as a "*primer*" of sorts to help frame and inform a company's discussions with its counsel and ultimately with the government. In each chapter, we approach the subject at hand pragmatically, by posing an imaginary scenario, followed by treatment of the range of critical legal and strategic issues that management often must grapple with when navigating the unhappy fact that a business and its people have become the subjects of a government investigation. Of course, as must be said here, the scenarios we paint below are entirely fictional, and no connection should be made to real persons or events. The lessons to be drawn by the fact patterns, on the other hand, are very real.

Chapter 1

A Frequent Companion to the Government Investigation: The *Internal* Investigation

Businesses have long relied upon the *internal investigation* to discover the scope of suspected financial frauds, accounting irregularities and other business misconduct. The internal investigation is an important corporate risk assessment and mitigation tool, critical to achieving and maintaining of the sort of robust "*culture of compliance*" expected both by the government and by the investment community in which any credible allegation of material misconduct will be investigated by the business thoroughly and in a timely fashion.

While inquiry into more routine or less serious matters may be handled informally (*e.g.*, by reviews or audits conducted by a compliance officer, an internal auditor or in-house counsel), the current regulatory and law enforcement environment is not particularly forgiving of companies that under-react to evidence of material internal misconduct. Boards of directors, senior management and in-house counsel increasingly face situations calling for the launch of a vigorous internal investigation involving at least the assistance of, if not direction by, outside professionals. Those professionals may include accountants and others able to help conduct forensic examinations. But they also increasingly involve, in a leadership capacity, outside counsel experienced in not only conducting such investigations but in negotiating with law enforcement personnel and regulators.

to external auditors, are made not infrequently to the seeming satisfaction of prosecutors and regulators who respect that companies need to be able to be free, in a privileged and confidential way, and without fear of a finding of waiver, to engage in self-policing, self-reporting and publicly-beneficial self-assessments of its conduct.

Beyond the fact that prosecutors are no longer by policy to insist that companies waive the attorney-client privilege as a condition for getting co-operation credit, the amount, detail and form of the disclosure that will satisfy a particular prosecuting office is all going to depend on the severity and pervasiveness of the misconduct. No hard and fast rules apply. Whether the disclosure is to be made through a verbal presentation or written report, and corresponding issues relating to the form or detail of either, are matters that need to be worked out to the satisfaction of the government -- and, of course, of the company -- case-by-case.

Chapter 2

The Unanticipated Search Warrant

Federal and state law enforcement agents have many tools at their disposal when conducting investigations. Some of their more commonly used investigative techniques are relatively non-intrusive and particularly well-suited for the investigation of business crimes and regulatory infractions: informal witness interviews; grand jury subpoenas to compel the production of documents and the appearance of witnesses; court orders mandating the production of IT, social media, messaging and telephone data; judicial *letters rogatory* for foreign sources of evidence; agency-to-agency sharing requests; and, of course, the reliance on the accounts of cooperating witnesses and whistleblowers. There are, however, in addition, many more exotic and invasive means of gathering real-time evidence – these include telephone wiretaps, room bugs, undercover informants, consensually-monitored telephone calls, the use of "*body wires*," as well as live electronic and physical surveillance. Which of these various investigative tools law enforcement will use depends tremendously upon the nature of the offenses being investigated and the stage of the investigation.

Clients, alarmed and worried after learning that the government may be investigating them, not infrequently ask, *"Are our phones being tapped?," "Do you think he will be 'wearing a wire'?," "Are our computers being monitored?"* The answer to all of these sorts of questions is usually, "*No*." It is very difficult for the government to establish, in an investigation focusing largely on

and as to its expected progress, duration and outcome, are to be avoided. Not infrequently the business will have little idea regarding the precise scope and direction of an investigation and the least said often is the best option as poorly delivered communications -- including broad denials of wrongdoing -- can have a profoundly negative impact upon the attitude and perceptions of government investigators. If a comment is required, counsel can help the business avoid making declarations that may later prove troublesome. Overall, work in earnest will need to begin regarding a comprehensive communications strategy, and not infrequently communications consultants are enlisted to help manage the crisis these events sometimes prompt.

Addressing Employees, Shareholders, Regulators and Others

The business will also find itself, in the immediate aftermath of a search, faced with the question of what specifically ought to be disclosed to directors, shareholders, investors, creditors, suppliers and employees. And, beyond the acute institutional pressures on a business to communicate publicly, the government's execution of a warrant – and the reasons underlying it – may implicate U.S. securities law disclosure obligations for a publicly-traded company. To the extent that the business operates in a highly regulated industry, the execution of a search warrant is likely as well to generate interest and inquiries by federal and state regulators, which if left unaddressed may prompt the opening of separate but "parallel" regulatory investigations.

There will, then, be times when management will absolutely have to say something about the matter. Little succinct advice or best practice exists here, beyond that: (a) just as with the fashioning of media statements, even quiet protestations to constituents of the company's innocence can come back to haunt a company unaware of precisely what evidence of wrongdoing the government has that led it to seek the warrant; (b) it is never a good idea to belittle or dismiss the government's interest in the business or to in any way indicate hostility to the government's work; and (c) in all such circumstances the company should proceed with caution and with the active assistance of counsel.

Chapter 3

Law Enforcement Interviews of Senior Management and Lower Level Employees

Perhaps the most critical phase of any government investigation of corporate misconduct is the interview of employees suspected of having knowledge of the conduct of others who are actively under investigation, and ultimately of the persons themselves suspected of being complicit in a scheme. Much preparation by the government goes into these interviews. Particularly in the investigation of *white-collar* business crimes, significant witness interviews by the government will usually occur only after documents have been obtained and comprehensively reviewed, after a cooperator or other insider or whistleblower has been exhaustively debriefed, and after preliminary interviews of lower level personnel have been completed. Considerable attention is usually given by the government to the sequencing of these more important interviews in such a way as to build up to the witnesses the government may suspect either to have a motive to lie or deflect or to have been complicit. The well-prepared agent or prosecutor will have documents and the accounts of other witnesses at hand, and a full understanding of the chronology of events, so as confront the errant witness when and if testimony begins to wander.

For most employees asked to sit for a law enforcement interview, the event will not require any extraordinary attention or forethought. However, for the manager under whose watch misconduct is alleged to have occurred, or for the employee who suspects that his or her conduct may be under scrutiny, the

government that the messenger (an executive or company counsel, for example), said words understood to the effect that, *"We didn't do anything wrong," "This will all blow over," "You don't have to talk to the government,"* or worse, *"If you must talk, the company will get a lawyer to sit with you."* Accordingly, any written communication to an employee or group of employees about their right to consult with counsel should be drafted or closely vetted by the company's attorney. If the communication is verbalized, there should be a prepared script which should be followed without elaboration or deviation. It is far too easy for an employee to misinterpret such a communication as suggesting that the employee not cooperate, and reports back to the agents or prosecutors to that effect can have devastating impact.

Chapter 4

Regulatory Subpoenas and Grand Jury Practice: Compelling the Production of Documents and the Appearance and Testimony of Witnesses

The government has broad power to compel persons and businesses to produce records and to make explanations on the record under oath regarding their conduct or business practices. When it comes to the government's obtaining documentary proof, much of that evidence can be had through the issuance of subpoenas that look much like the subpoenas lawyers issue and serve on witnesses in garden variety civil lawsuits between private parties. There are different types of subpoenas. "*Administrative subpoenas*" and regulatory "*civil investigative demands*" operate much like court-issued civil subpoenas and we will address below a number of best practices that should be followed when responding to such a subpoena or government investigative demand for the production of documents. Our particular focus in this Chapter will, however, be on the government's use of an unusually potent investigative tool – the *grand jury subpoena* -- to gather physical evidence and to compel the appearance and testimony of witnesses.

The grand jury is one of the most powerful means the federal government has at its disposal to uncover evidence of criminal wrong-doing. The government and its investigative grand juries conduct their affairs together under a strictly-enforced judicial mandate of secrecy. A grand jury is broadly authorized to issue subpoenas calling for the production of documents, the

Fifth Amendment right as to some areas of questioning and yet answer other questions freely.

There may be times where counsel will not be satisfied with a prosecutor's letter agreement bestowing on the witness use and derivative use immunity. Remember from our discussion in Chapter III that a prosecutor in one judicial district cannot necessarily bind a prosecutor in another as to immunity issues. There are different forms of agreements used by different federal prosecution offices. Some offices litter their agreements with numerous conditions the non-compliance of any of which may serve, at the prosecutor's complete discretion, to void the agreement and the protections that were extended to the witness. Accordingly, there are times where prudent counsel will, in order to eliminate such limitations, ask that the prosecutor obtain "*statutory*" court-ordered immunity. That form of immunity – while also only "*use and derivative use*" immunity – is granted without conditions that the local prosecutors' office might ordinarily superimpose on it. The order is also effective nationwide, giving the witness protection against use and derivative uses by any federal prosecution office in the United States.

At other times a witness will refuse to testify after a prosecutor has offered immunity protection not because of the form of the agreement but because the witness simply does not want to testify against a friend or colleague or family member. Should the prosecutor wish to force the issue, the government must get an order conferring upon the witness statutory use immunity. If after being granted statutory immunity a witness continues to refuse to testify, the witness will usually be brought before the court that ordered the immunity, where the witness will be further ordered to testify (the grant of statutory immunity eliminates the witness' objection to being required to provide information that might be incriminating, and thus can then be forced to testify over his or her *constitutional* objection). Should the witness continue to refuse to testify, he or she may be held in contempt of court and sanctioned – including through continuing incarceration – until the witness relents and testifies.

Chapter 5

Keeping an Eye on the End Game: Attaining Acceptable Results

We warned above of the danger of projecting or *telescoping* ahead negatively to all of the consequences that might flow from the government's initiation of an investigation or its commencement of a regulatory enforcement action. That admonition applies particularly as necessary to the avoidance and management of potential crisis points that may surface in the days and weeks immediately after an investigation has revealed itself. Government investigations may take many months, even years, to come to conclusion. An initial show of force by the government at the outset of a matter – such as through the media-attention-grabbing execution of a search warrant or a blitz of rapid succession "*drop in*" interviews of managers and employees – will invariably be followed by periods of relative calm and time for reflection. Occasionally, some investigations go away after a while without much explanation by the government. The initial investigative hypothesis of the existence of some larger corporate plot might be determined to be unfounded or might prove too difficult to develop to the point of establishing the guilt of any individual at trial. Uneducated and panicky speculation by management of what might lie months or even years ahead risks distracting the company from paying careful attention to the important tasks immediately at hand during those critical early days of the investigation.

she is working hard to obtain from the government the proverbial "*letter of apology*" for even commencing an investigation, the reality is that when declinations occur they most often happen silently, without fanfare or public announcement. The government has no obligation even to tell a subject or target of an investigation that, as an internal matter, the prosecutor has decided to suspend or abandon its investigation. Prosecutors are, nonetheless, as a rule responsible, courteous and civil, and will act responsibly in advising an otherwise anxious subject of an investigation that a matter has been concluded. More often than not, such communication is informally done between the government and a client's defense lawyer. But issue a letter of apology? Never.

The point here is that there will in fact be times when matters that appeared at one point on a certain path to indictment and eventual trial end unexpectedly and for reasons never fully communicated by the government. Sometimes this is the result of the advocacy of defense counsel in exposing weaknesses in the government's case. Other times, things just happen – witnesses become unavailable, government personnel having an interest in the matter are reassigned, initial investigative hypothesizes crumble under the weight of grand jury testimony. Obviously, the occurrence of this sort of outcome is never to be banked on.

Chapter 6

An Ounce of Prevention – The Maintenance of a Robust "*Culture of Compliance*"

There has been in the last 20 years increasing acceptance in the business community that the implementation of a company-wide *corporate compliance and integrity program* is an essential business risk management measure. A good compliance program can serve to reduce the risk of many different types of injury to a business, to include civil liability, losses due to fraud and theft, and sanctions flowing from regulatory infractions. It can also help avoid or reduce the much more dramatic harms that may flow from a company's becoming the subject of a criminal investigation and prosecution.

In the last five chapters, we outlined the parade of horribles that can be visited on a business whose employees engage in conduct that violate our criminal laws. We posit in this Chapter that investment in a genuinely-motivated compliance program is the *ounce of prevention* that every prudent business organization should take to avoid the often-devastating consequences – lost business, legal fees, tarnished reputations, company valuation losses, ruined careers and incalculable heartache, stress and business disruption – that can predictably follow any significant government investigation and prosecution of corporate misconduct. The maintenance of a well-designed and genuinely motivated compliance program is, we submit, the single most important fact available to a company seeking to mitigate the consequences of regulatory foot faults or, in the rarer instances where it occurs, fraud, accounting abuses

program, and the burdens or costs of managing it. Management's orientation towards compliance should always be focused on the fact that it's "*the right thing to do*," and not that "*the government will give us credit for this thing if we ever need it*."

Bottom line, it is hard to argue against institutionalizing the expectation of personal and organizational integrity. No organization appreciates the need of having in place an effective compliance program more than one that has suddenly and unexpectedly uncovered some significant transgression resulting in intense scrutiny and the potential of substantial negative consequences to the organization, its management and its people. Mistakes will always happen. Taking steps to prevent and detect both innocent missteps and malfeasance (and all the stuff in between) is always a prudent, socially responsible – and cost effective – measure.

About the Contributors

Heber Maughan and **Linda Joy Sullivan** operate a PCAOB-registered, multi-jurisdictional audit and forensic accounting firm, serving clients nationally through their four U.S. offices.

Between his employment with one of the former "Big 4" global accounting firms and the later establishment of his own audit and accounting practice, **Heber Maughan** held senior management posts for public and private companies, to include serving variously as CEO, Chief Financial Officer, V.P. Finance, Controller and Secretary for a number of national and international concerns. **Maughan**, a CPA and holder of a Master's Degree in Accounting, is a member of the AICPA and the Utah Association of Certified Public Accountants.

Linda Joy Sullivan has for close to two decades audited public companies, provided income, estate and trust tax services, prepared complex financial projections, and helped companies meet their SEC financial reporting requirements. She specializes in providing forensic services, to include the handling of tax controversies, serving as an expert witness, conducting investigations and providing litigation support. In addition to being a CPA, she holds an LLM in international Taxation and an MBA. She also today serves as a Representative in the Vermont General Assembly.

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