



TPP Compliance: a method for improving
your business and increasing your profits

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Governments may as well orient around sound principals

Lysenkoism: collectivize crops based around a theme of bad science



TPP: collectivize trade around a theme that corruption is uniquely harmful. MO:

- ▶ Trade barriers and distortions create bureaucracy.
- ▶ Bureaucracy creates points of contact with foreign officials.
- ▶ Points of contact with foreign officials create discretion.
- ▶ Discretion creates the opportunity for a foreign official to misuse their position by making bribe demands. (FCPA Professor). Need + lack of enforcement

Fallacious principals

True principals

TPP Confirms Importance ROL

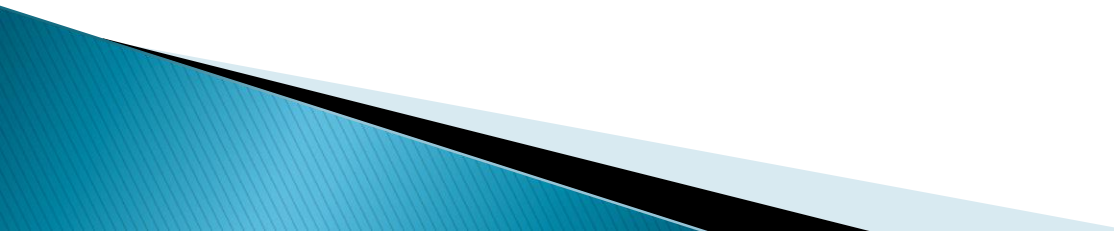
- ▶ Rule of Law (ROL)
- ▶ Confirmation that all signatories are wittingly or unwittingly pursuing the US anti-corruption paradigm
- ▶ US views ROL as critical to long term US competitiveness
US views its partner nation's backing as crucial for its competitiveness

American Competitiveness

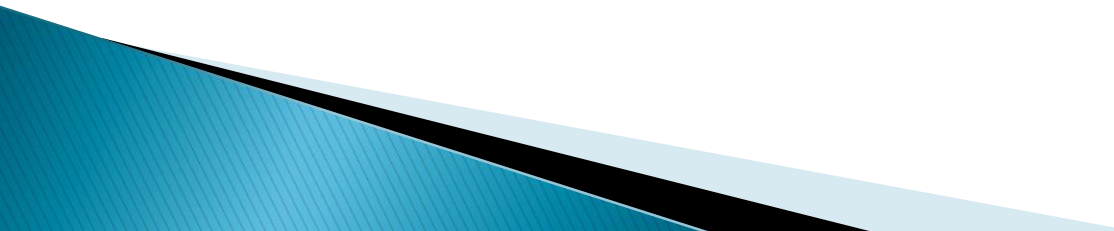
▶ Defense

- 662 overseas bases in 38 foreign countries

▶ Civil Service and Private

- 295 US Embassies and Consulates
 - USDOJ MLAT's, and reps from other agencies
 - USAID
 - World Bank, UN, ExIm Bank (reauthorization)
 - NGO's
 - Chamber of Commerce
 - Trade Orgs
- 

So while TPP

- ▶ Increase trade to US 15–20% per year
 - ▶ Treat Vietnam companies like US companies in Government procurement
 - ▶ Bring US business to Vietnam
 - ▶ Towards Parity: engineering, medical, tourism, architectural, engineering, etc.
 - ▶ Spur development and efficiencies
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The Business will go to the Vietnam companies that project the Lowest Risk

- ▶ American Executives Go To Jail and the Standard is Often Strict Liability
- ▶ So competition for US collaboration and resources will be stiff.

Lowest Risk = US Market Share Win

▶ “Life is what happens when you are busy making other plans”

–John Lennon

Today's Journey

- ▶ What is Compliance
 - ▶ Why Focus on Compliance
 - ▶ Why Focus on Compliance – Now
 - ▶ Benefits of Compliance
 - ▶ What a Great Compliance Program Looks Like
 - ▶ FormerFedsGroup.Com – **Experience**
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Compliance

Transparency

Governance

Corporate
Citizenship

Compliance



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graph LR; Transparency --> Compliance; Governance --> Compliance; CorporateCitizenship[Corporate Citizenship] --> Compliance; style Compliance fill:#fff,stroke:#f00,stroke-width:4px
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The diagram illustrates the components of compliance. Three arrows, labeled 'Transparency' (light blue), 'Governance' (medium blue), and 'Corporate Citizenship' (bright blue), point towards a central circle. The circle is white with a thick red border and contains the word 'Compliance' in black text, tilted at an angle. The word 'Compliance' also appears as a large header at the top left of the image.

Why Now

Complex Regulatory Environment

- TPP
- AEC
- AFTA

Increased Stakeholder Scrutiny

- Money Laundering
- Human Trafficking
- Environmental Impact

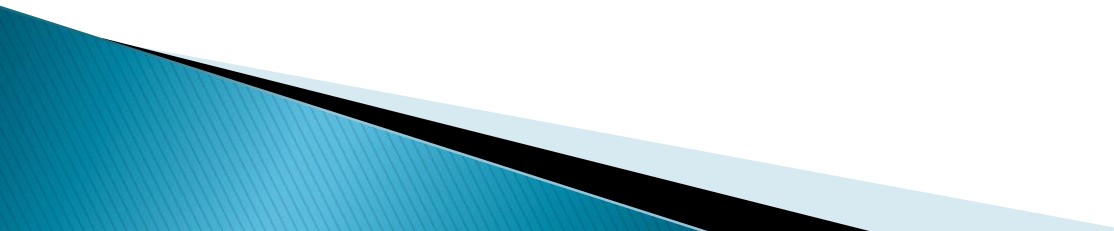
Reduced public trust in businesses

- 57% global trust
- 22% trust in developing market MNCs


Increasing cost of compliance

- 78% Asian firms see increased compliance staff costs
- 70% of firms expect more regulations

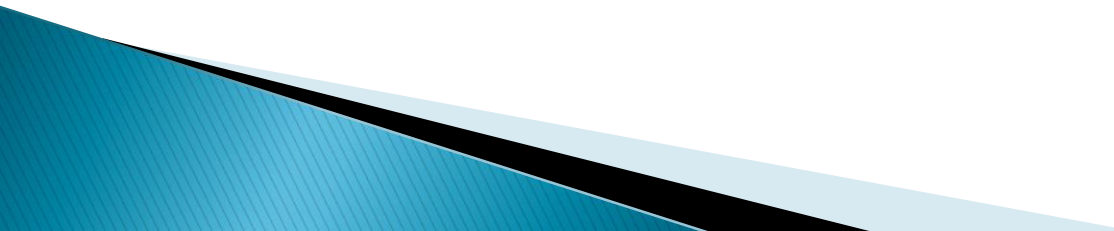
TPP – A Key Example

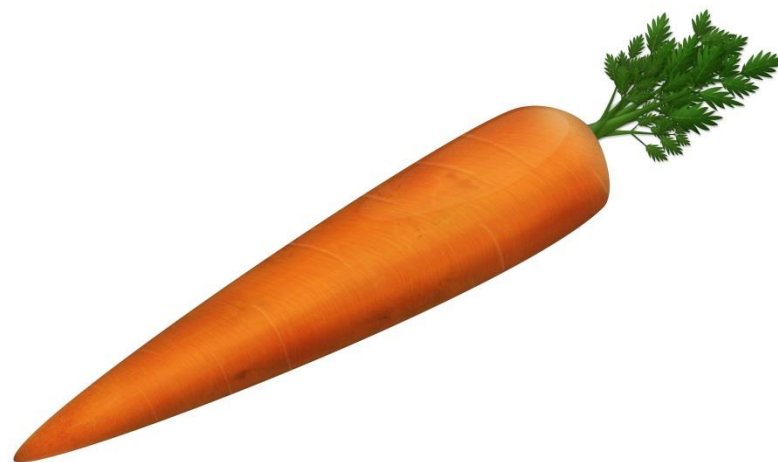
- ▶ The Trans–Pacific Partnership represents one of the most significant developments in multilateral trade this decade
 - ▶ One of the TPP significant benefits to companies is increased access to the US market
 - ▶ This access is based on a harmonized system of rules and regulations that largely adhere to the US model
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TPP – A Key Example

- ▶ With the TPP opportunity comes the related challenge of ensuring compliance with the new regulations
 - ▶ Compliance officers and corporate legal counsel will need to be versed in the TPP position on:
 - Competition and State-owned Enterprises
 - Intellectual Property Rights
 - Technical barriers to trade and sanitary and phytosanitary measures
 - Transparency and anticorruption policies
 - Customs, trade facilitation and rules of origin
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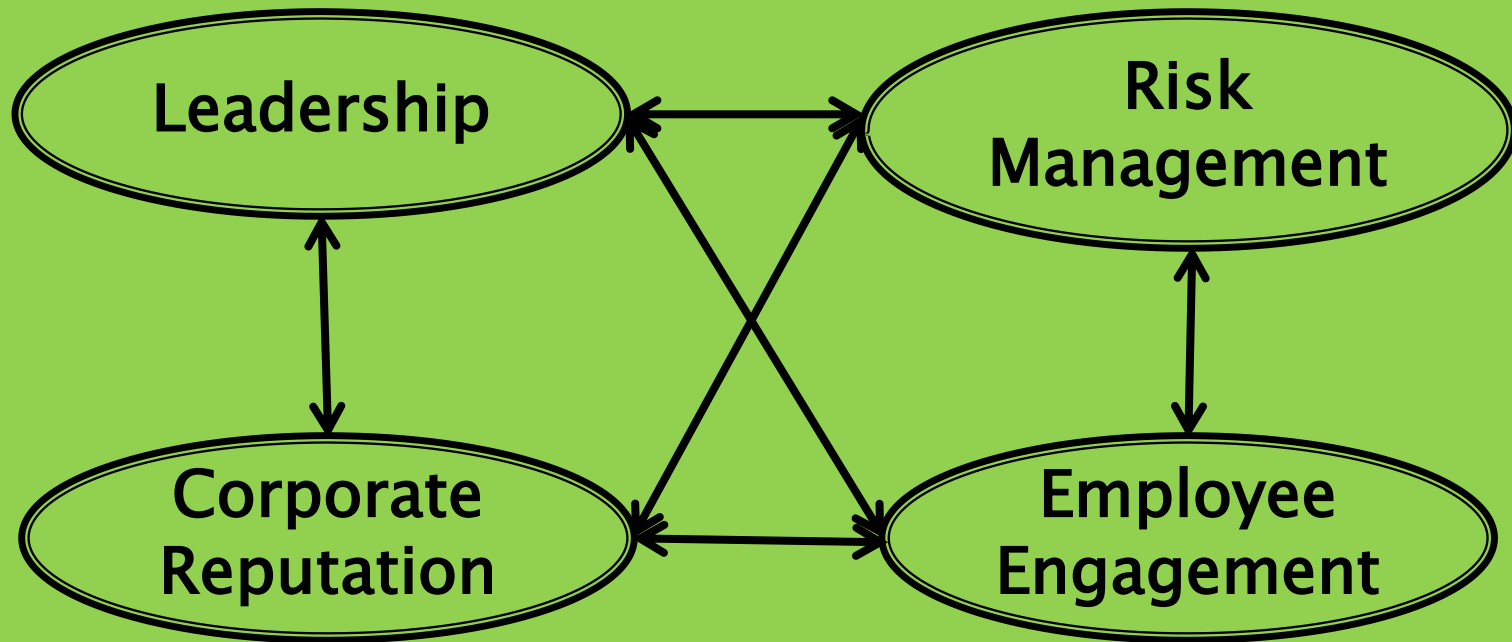
TPP – A Key Example

- ▶ Ramping up compliance capability will be one of the key objectives of companies seeking to participate in the TPP
 - ▶ This capability will need to be ready to address the needs of the parent company as well as the firms in this supply chain
 - ▶ Training will be a key prerequisite for compliance success in the new regime
 - ▶ Waiting until the TPP is a done deal may be too late
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Why compliance

Internal Benefits



Why compliance

External Benefits

Improved Market
Access

Facilitates
Partnerships

Brand
Differentiation

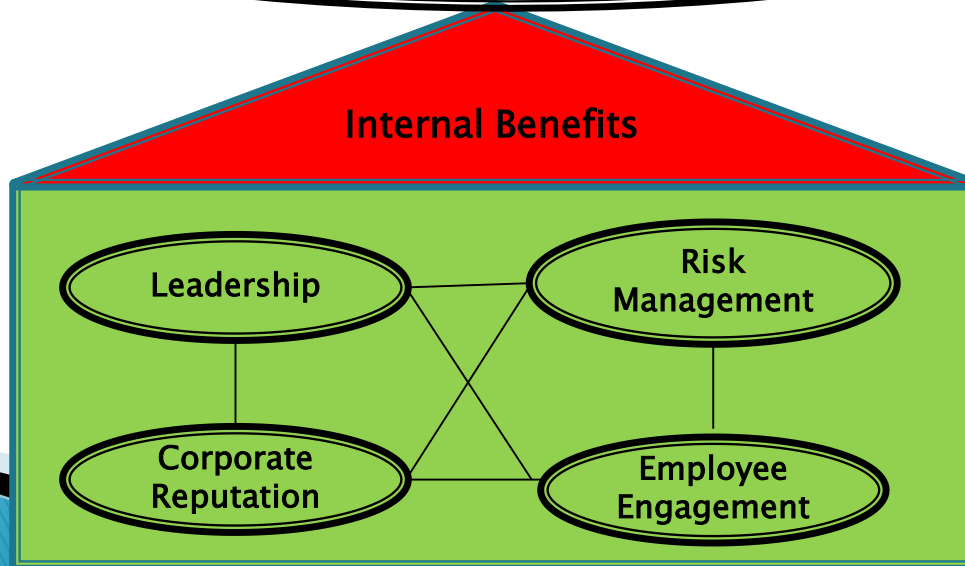
Internal Benefits

Leadership

Risk
Management

Corporate
Reputation

Employee
Engagement





“Look: it’s a squirrel!” Practice Tip

- ▶ When executives know they are on shaky ground, they sometimes write, “Do Not Forward—Delete After Reading!” This document often is not deleted from every place it may exist. Prosecutors are ecstatic when they find it.

So I guess cellphone conversations, texting, IChat, Skype are the better ways to go than email, right?



YELLED "IT'S A TRAP!"

BEFORE IT WAS COOL



Business Benefits

Korean and US researchers found well-governed firms in Korea traded 160 percent higher than poorly governed firms.

A study by ABN AMRO showed Brazil-based firms with the best corporate governance ratings earned P/E ratios that were 20 percent higher than firms with the worst governance ratings.

Business Benefits

McKinsey reported that institutional investors would pay premiums to own well-governed companies. Premiums averaged:

30% in Eastern Europe and Africa

22% in Asia and Latin America

A study of S&P 500 firms by Deutsche Bank showed that companies with strong or improving corporate governance outperformed those with poor or deteriorating governance practices by about 19% over a two-year period.


Compliance Roadmap



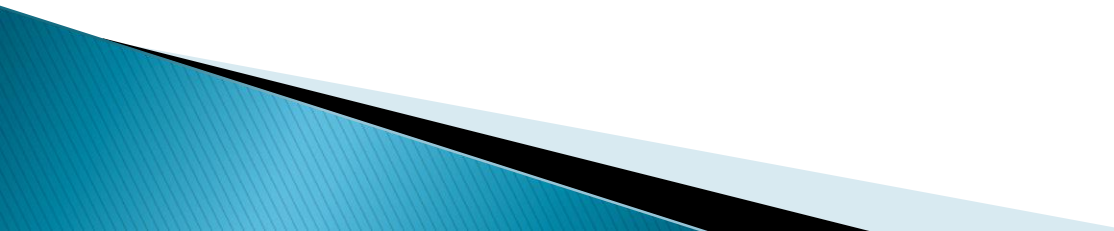


The FormerFeds Group

FormerFeds Group

- ▶ FFG was founded in 2010 on the belief that companies around the world could benefit from the compliance expertise of former US government officials
 - ▶ Companies face huge challenge in keeping up with changing compliance environment and would benefit from outsourcing
 - ▶ FFG is comprised of former USG prosecutors, FBI, US GAO Auditors, ICE, DCIS, NCIS, IRS-CID
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FormerFeds Group

- ▶ The FFG employs a lean organizational model with minimal overhead and maximum flexibility
 - ▶ FFG agents, accountants and auditors are on standby until a project goes live – then can deploy in 24 hrs
 - ▶ Resources can be deployed when and where needed with very short notice
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FormerFeds Group

- ▶ The FFG offers a full suite of compliance related services
 - ▶ Audits
 - ▶ Investigations
 - ▶ Due Diligence
 - ▶ Supply Chain Validation
 - ▶ Tracking & Reporting
 - ▶ Training
 - ▶ Crisis Management & Crisis Communications
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FormerFeds Group



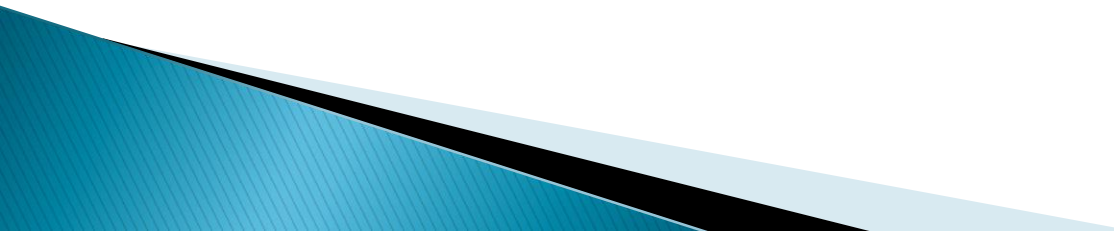
- ▶ **PerfectShield™ Compliance**
 - Refine compliance program using inside or outside counsel
 - Compliance audits/assessments
 - Conduct training
 - Tighten controls
 - Hone compliance agreement
 - Focus on areas of vulnerability flagged by the Assessment

FormerFeds Group

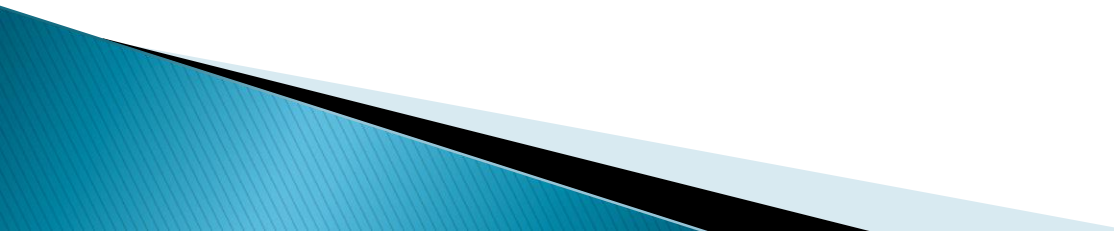


- ▶ **PerfectShield™ Compliance**
 - The top 10 compliance issues are identified and prioritized
 - The top 3 are normally addressed within 3 months
 - The full set of issues are completely addressed within 2 years
 - Mean time to using IP is 3–6 months

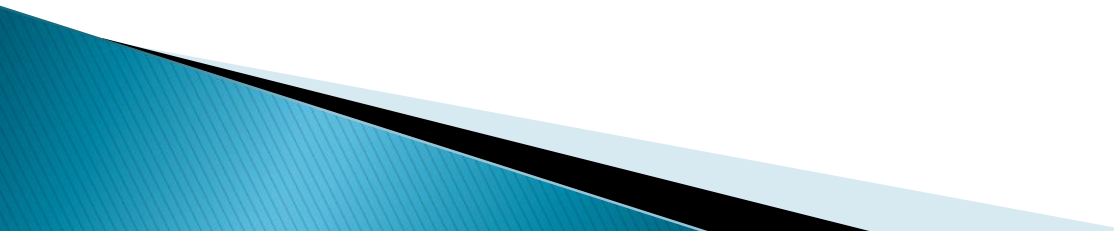
FormerFeds Group: Compliant Product/Service Mall

- ▶ FFG is currently developing an online mall where PerfectShield™ compliant companies can present their product and services
 - ▶ This mall can serve as a supplemental marketing vehicle for companies to showcase their goods in the US
 - ▶ This venue will be particularly useful for those companies seeking to take advantage of the TPP or market to the US public sector
 - ▶ **PROJECT LOW RISK TO US PARTNERS**
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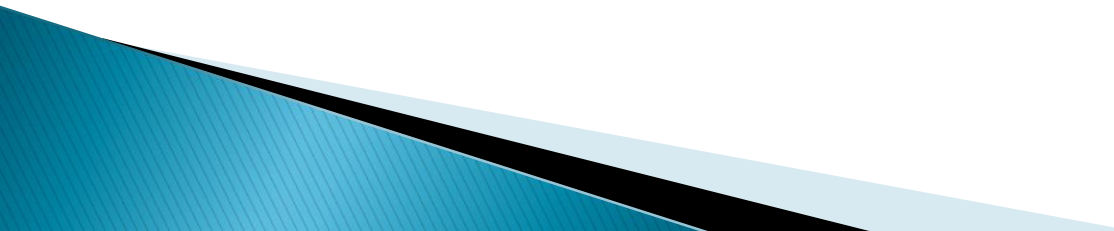
Process

- ▶ Whether you have a compliance program or you don't
 - ▶ Whether you are pleased with your compliance program or you are dissatisfied
 - ▶ The first step should be **Assessment**
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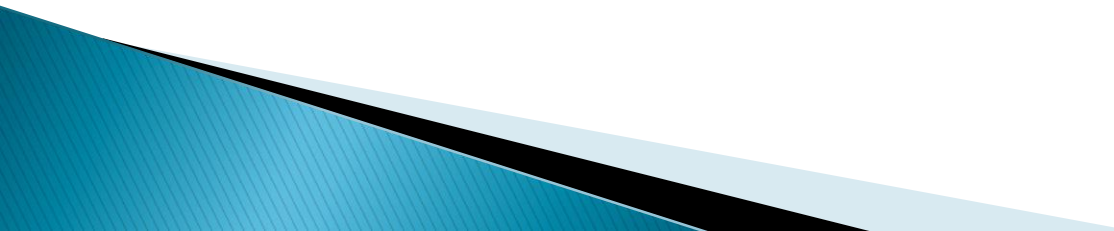
PerfectShield™ Assessment

- ▶ Effortlessly pushes assessments down to all organizational levels
 - ▶ Identifies issues for immediate triage
 - ▶ Protects attorney work product
 - ▶ Customizes content to your organization's needs and threat matrix
 - ▶ Organizes and maintains data for follow-up administrations; tracks improvement
 - ▶ Establishes efforts to ensure compliance
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Key Concepts

- ▶ Identifies deficiencies in training, employee understanding of compliance rules
 - ▶ Identifies personnel on whom to focus training
 - ▶ Maintains database to document compliance efforts, improvement in comprehending compliance rules after training
 - ▶ Preserves attorney work product
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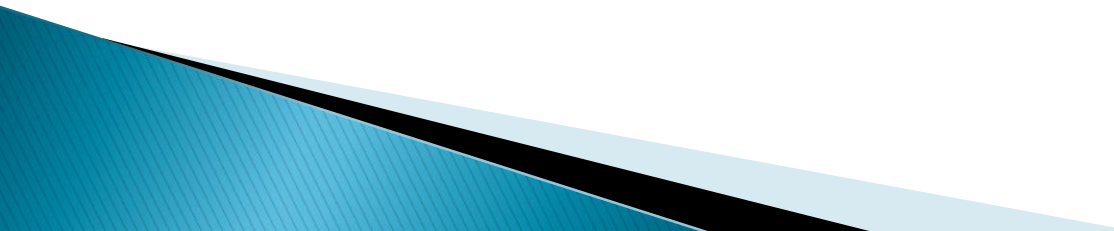
Second Assessment

- ▶ Comparison against the baseline assessment consistently shows significant improvement
 - ▶ Gap analysis tracked and measured
 - ▶ Focus narrows to smaller and smaller set of program vulnerabilities
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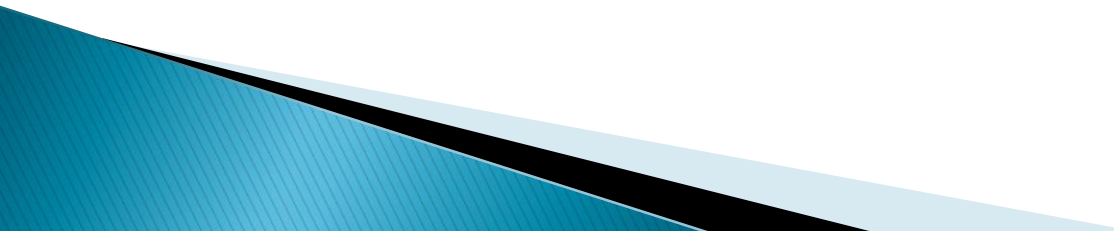
Retool, Rejuvenate and Reorient

- ▶ Add modules in emerging compliance areas or where enforcement activity is spiking
- ▶ Refine training

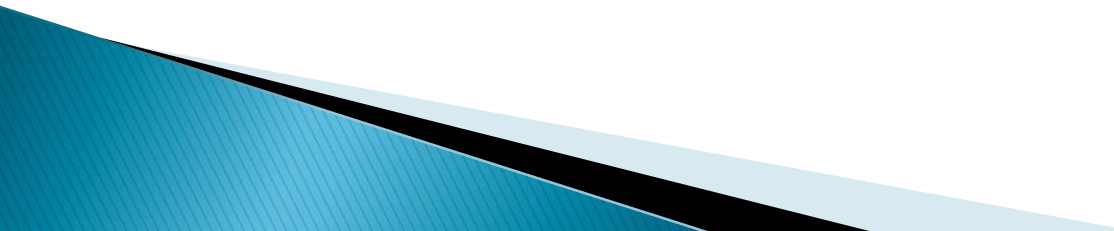
Set Phasers to “Automatic”

- ▶ Positive improvement proves effectiveness of program for later enforcement scrutiny
 - ▶ Trip wires notify counsel for immediate follow-up and triage
 - ▶ Notifications keep management apprised without compromising attorney work product or causing additional liability
 - ▶ Ferrets out blind spots and vulnerabilities
 - ▶ Tracks and creates record of corrective action
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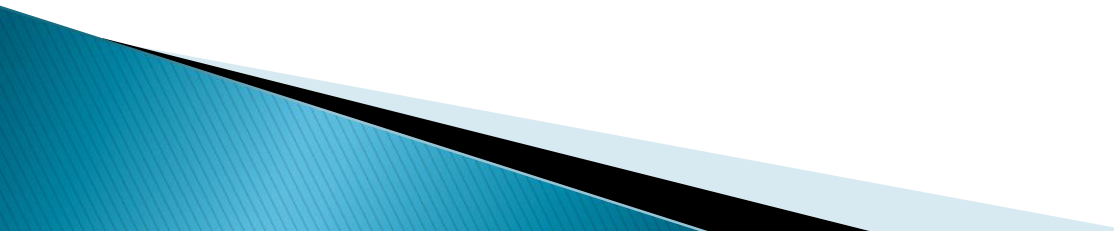
Software Solution

- ▶ Cutting edge
 - ▶ Secure
 - ▶ Fast and glitch-free
 - ▶ Provides programmatic organization and structure
 - ▶ Early warning detection system
 - ▶ Highest adoption rates in organizations and by law firms = No Resistance
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Boosts Profitability

- ▶ Procurement Review Initiative (PRI) focuses on vulnerabilities and shrinkage in “buy side” of operations
 - ▶ Helps prevent embezzlement and conflict of interest schemes
 - ▶ Reduces likelihood of enforcement actions; discourages enforcement agency scrutiny
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Boosts Profile and Adds Value

- ▶ Provides comfort to suppliers by projecting compliance values to customers
 - ▶ Builds confidence in companies interested in acquisition
 - ▶ Projects compliance message to government agents
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Questions or Enforcement Agency Forecast

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