

CS Newsflash is our weekly roundup and commentary on selected news stories relevant to governance, risk, compliance and ethics thought leaders.

Compliance Strategists



CS Newsflash

"the weekly review for governance, risk, compliance and ethics thought leaders"

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Compliance Strategists Newsflash

May 5, 2013

Our weekly roundup of selected developments from around the world with a lens on corporate governance, risk, compliance and ethics follows. CS Newsflash provides links to news stories in the public domain and brief CS commentary. Your views and suggested news stories are welcome by reply to

CSNewsflash@ComplianceStrategists.com.

From time to time we feature items from our **"From the CS Email Bag," "You Can't Make this Stuff Up"** and **"Good News Stories"** departments. Readers are welcome to quote opinions contained in this newsletter with attribution to CS Newsflash

Quotes of the Week

"There are no hotlines or compliance officers or other types of mechanisms"

Compliance attorney who works with law firms, commenting (off the record) on state of their compliance programs – story inside.

"Thanks for thinking of us, but we are not going to provide commentary for your story"

Baker & McKenzie spokesman responding to reporter's request for comment on the firm's compliance program - story inside.

at www.compliancestrategists.com. You can also follow us on Twitter for as-it-happens updates [@DonnaCBoehme](#) and [@SnarkyEthics](#). Links below to some of the stories we are following this week:

This Week's Highlighted Story: **Looking for Top Law Firms'**

"I cannot be part of a firm that treats its diverse lawyers the way they treated the complaining [associate]."
Excerpt from 'scathing' exit email by Don Prophete, former partner of Olgetree Deakins Nash Smoak &

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Corporate Counsel, May 1, 2013

bit.ly/14S9AK4

Corporate Counsel says the top 5 US law firms don't want to talk about their own internal compliance programs.

CS View: Do as I say, not as I do? Since law firms presumably do a brisk business advising their clients on compliance programs, do the cobbler's children kinda need some shoes? The Big Four accounting firms appear to be far ahead of the law firm community in adopting corporate-style compliance and ethics programs.

BigLaw Partner Quits, Writes "Scathing" Exit Email

ABA Journal, May 1, 2013

<http://bit.ly/168loXx>

In a rare glimpse into law firm internal workings, a partner quits, taking 8 attorneys with him and sending a scathing exit email alleging that an attorney he had recruited to work with him was the subject of discrimination, harassment, and retaliation (including being called a "thug" and having her work disparaged), and that the firm took a "laissez faire" attitude when he reported the issues. He reportedly conducted his own investigation and claimed that his recruit's emails to him were "intercepted."

CS View: discrimination, harassment,

Upcoming Events

May 2, 2013 (just completed- Symposium report pending)

Washington D.C.

RAND 2013 Compliance and Ethics Symposium

"Culture, Compliance & the C-Suite" (by invitation)

Keynote Remarks: Judge Ruben Castillo

(Boehme Co-Chair)

June 2013

NYC

NYU Stern School of Business

"The ROI of Integrity in Business"

(Boehme & guest lecturers)

October 6-9, 2013

Washington D.C.

SCCE 12th Annual

Compliance & Ethics Institute

October 6 "Compliance and Ethics for Lawyers & In-House Counsel"

(Half-day Preconference- Murphy & Boehme)

October 8 "Built for Success:

5 Essential Features of the Effective CCO"

retaliation, email policy, internal reporting system, investigation guidelines & culture: reasons #641, #642, #643, #644, #645, #646 & #647 for law firms to have compliance programs. We asked Snarky for a second opinion but he was out looking for "the shortest book ever written": Best Law Firm Hotlines.

(Concurrent: Gnazzo, Bertha, Nocito, Boehme (moderator))

Whistleblower Warned of Bangladesh Building Collapse - Has Been Arrested

Reuters, May 3, 2013

huff.to/16ycwvl

The news keeps getting worse: an engineer warned that the building was unsafe the day before its collapse and was quoted in the local media. He has since been arrested by Bangladesh police (for being involved in the building's construction according to police).

CS View: 1) the whistleblower angle is worth following 2) factory owner who refused to evacuate is one of nine under arrest but according to human rights activists, no factory owner has ever been prosecuted over the deaths of workers 3) fallout for retailers continues as they meet to discuss ideas for better monitoring, including creating a "clearinghouse" of third party audits 4) at least one third party auditor has added "building engineering" to its offering 5) what impact of corruption of building inspectors & officials? You know the drill, pick one and 'talk amongst yourselves.'

After Bangladesh, Label Markets Itself as "Sweatshop Free"

American Apparel.com, May 3, 2013

bit.ly/18FjvPV

Post-Bangladesh building collapse, American Apparel is marketing itself as "sweatshop free"

via email, ads and CEO letter noting that all clothing is made in downtown Los Angeles at a "state-of-the-art factory" by workers making an average of \$12/hour and receiving medical and other comprehensive benefits.

CS View: supply chain as a competitive advantage- takes on new meaning after Bangladesh tragedy.

The Rogue Employee and Dogs That Eat Homework (Boehme column) Corporate Counsel, May 3, 2013

bit.ly/108N4W2

Discussion of what constitutes a "rogue employee."

CS View: with the likes of UBS, Siemens, Boeing, JP Morgan, News Corp, and of course, Barings, claiming the "rogue employee" did it, let's be clear on when companies should be allowed to get a "do-over."

Benghazi Whistleblowers Identified Washington Times, April 30, 2013

bit.ly/12goeL

Three high ranking whistleblowers, career workers at the US State Department, have been identified and will testify about the Benghazi attack on the US Libyan consulate before a Congressional committee commencing this week.

CS View: threats of retaliation for coming forward have been alleged.

Bribery Probes: IBM & Rolls Royce The Telegraph, May 5, 2013

<http://bit.ly/13Qa2o6>

The top exec tapped to be the next CEO of

Rolls Royce has resigned suddenly in the midst of a Serious Frauds bribery probe into his former division (aerospace).

CS View: The tersely worded internal memo announcing the resignation offered no explanation, and sets off 'warning bells' about the bribery investigation. The matter was reportedly raised by a whistleblower. See also SCE/DOJ probe into bribery by IBM in Poland, Argentina, Bangladesh and Ukraine (suggesting the agencies are looking for systemic misconduct) - also just announced. <http://bloom.bg/18wBxnh>

SAC to Pursue Clawbacks in Insider Trading Cases

Chicago Tribune, May 2, 2013

<http://trib.in/13be7nZ>

Hedge fund SAC, faced with exiting investors, has said it will pursue clawbacks of compensation against employees who are found guilty of insider trading (nine employees have been charged or implicated with insider trading). SAC's billionaire founder, Steve Cohen says there will be "zero tolerance for wrongdoing."

CS View: as one observer said "this is like closing the barn door after the horse has already left" alright let's all join hands and sing Kumbaya ;-)

Recommended Resources

Q&A with Bechtel chief compliance officer

on.wsj.com/18knTUg

Volkov Column: The GC & the CCO

bit.ly/17j9qcs

NPR: Why Good People Do Bad Things

n.pr/lql9sZ

Bonime-Blanc Column: Rise of the Chief Risk & Reputation Officer

bit.ly/11UkgT2

You Can't Make This Stuff Up China Serves Up Rat Meat as Lamb

ow.ly/kGMTM

***Snarky: Street vendor kabobs in Beijing
...yum.***

Compliance Strategists

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