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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"*

### Inside this edition

- That's 22 GSK execs & employees arrested in China
- 41-Page SAC Indictment (Who's soft on Wall Street now?)
- Dear France: What's "Aggravated Pimping"?
- Killingsworth on "Motivated Blindness"
- You Only Had ONE Job - Hilarious & CCO-worthy!

## Compliance Strategists Newsflash

July 29, 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](mailto: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**

### Quotes of the Week

*"A veritable magnet for market cheaters."*

U.S. Attorney for the Southern District of New York Preet Bharara commenting on 41-page indictment of hedge fund giant SAC – story inside.

*"I've read the compliance manual, but I don't remember exactly what it says."*

Steven A. Cohen, SAC Capital founder, on compliance – story inside.

opinions contained in this newsletter with attribution to CS Newsflash at [www.compliancestrategists.com](http://www.compliancestrategists.com). You can also follow us on Twitter for as-it-happens updates [@DonnaCBoehme](https://twitter.com/DonnaCBoehme) and [@SnarkyEthics](https://twitter.com/SnarkyEthics). Links below to some of the stories we are following this week:

## ***This Week's Highlighted Story:*** **"Wildly Successful" Hedge Fund SAC Indicted for Insider Trading** **New York Times, July 25, 2013**

<http://nyti.ms/1bQRhYx>

Calling the firm "a veritable magnet of market cheaters," US enforcers have delivered a 41-page indictment of hedge fund giant SAC for insider trading.

***CS View: (1) Feds to critics: "Who's soft on enforcement now?" 2) what about that "robust" compliance team of 38 FT professionals? (3) keyword: "edge" (4) Preet Bharara is relentless (5) Uh-Oh for expert networks (6) culture trumps compliance. You know the drill: pick one and 'talk amongst yourselves'!***

## **18 More Glaxo Employees Arrested in China**

**International Business Times, July 27, 2013**

[bit.ly/1e1B5QN](http://bit.ly/1e1B5QN)

China has arrested 18 more GlaxoSmithKline employees in Zhengzhou on charges of corruption.

***CS View: This is in addition to 4 GSK execs already in custody. Where to start? Snarky can't decide between (i) GSK internal investigation fail, (ii) GSK spokesperson now using the Rogue Employee narrative or (iii) is China the new corruption cop on the***

## **Upcoming Events**

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

***beat <mind boggles> ?? We'll go with (ii) but, hey, that's their story and they're sticking to it. See "Recommended Resources" for a refresher on our definition of "Rogue Employee."***

## **Intersection of Fraud and Traffic Tickets**

**New York Times, July 25, 2013**

<http://nyti.ms/14pppBN>

A new white paper links CEO's "off-the-job" behavior (even minor infractions such as traffic tickets) to on-the-job propensity for overlooking or committing company fraud.

***CS View: 'Duh' moment: Boards need to run background checks on CEO candidates. Character counts.***

## **Making Rock Stars Out of Terrorists, Criminals & Cheaters (column)**

**Corporate Insights, July 23, 2013**

[bit.ly/13AcLUr](http://bit.ly/13AcLUr)

Editor's column on the Rolling Stone "glam" cover of the Boston Bomber, glorifying cheaters, and reelecting politicians behaving badly - and the significance for culture.

***CS View: What we celebrate matters. See David Gebler's insights on why the big picture matters.***

## **France Charges Disgraced ex-IMF Chief Dominique Strauss-Kahn with "Aggravated Pimping" (what's that?)**

**Time Online, July 26, 2013**

Apparently France has a crime of "aggravated pimping" - by participating in a prostitution ring as part of a group - and has so charged disgraced former IMF chief DSK. In France,

prostitution is legal but "pimping" is not- this is pimping under aggravated circumstances such as a prostitution ring, punishable by 10 years in prison and 1.5 mn Euro fine.

***CS View: Recap: in 2011, DSK was indicted by a US grand jury of sexual assault of a NYC hotel maid, but charges were later dropped. PS DSK was then the chief of the IMF and considered front runner for the President of France.***

## **Interview: Killingsworth on "Motivated Blindness"**

**Corporate Crime Reporter, July 23, 2013**

[bit.ly/13aVBNy](http://bit.ly/13aVBNy)

Great read: culture expert and Bryan Cave partner Scott Killingsworth on motivated blindness and why "culture trumps rules" - and a preview to the 2013 RAND symposium report on Culture, Compliance & Crime in the C-Suite.

***CS View: CCO-worthy and Board-worthy, but then you knew that.***

## **Ex-Goldman Director Fined \$13.8m for Insider Trading Tips**

**Washington Post, July 17, 2013**

[wapo.st/1aRkTp7](http://wapo.st/1aRkTp7)

Former Goldman director Rajat Gupta settles civil insider trading charges.

***CS View: and he made no profit - add to list of Board risks. Definitely Board-worthy.***

## **US Probing Physician-Owned Distributorships of Medical Devices**

**Wall Street Journal, July 26, 2013**

[on.wsj.com/15OX2j8](http://on.wsj.com/15OX2j8)

US Justice is investigating surgeon-owned distributorships.

**CS View: DOJ probing potential conflicts of interest in medical devices- broader scrutiny of physician-owned distributorships.**

## ***You Really Can't Make This Stuff Up***

**Geraldo Rivera Causes Internet Meltdown with Half-Naked "Selfie"**

<http://nydn.us/165z1UY>

**Snarky: blame it on the Macarena**

## ***Recommended Resources***

**Volkov: The Marriage of the CEO and CCO: A Match Made in Heaven**

<http://bit.ly/1alvdj7>

**McGrath: Detention of Glaxo Investigator Calls Out for Help**

<http://ow.ly/nkdj7>

**ICYMI (we're talking to you: Glaxo, SAC, & IRS)**

**"The Rogue Employee and Dogs That Eat Homework"**

<http://bit.ly/15pEtTV>

**You Only Had ONE Job - Funny and #CCOworthy!**

[imgur.com/gallery/OZBhL](http://imgur.com/gallery/OZBhL)

**10 People in A Meeting is About 7 Too Many**

[nyti.ms/14eSjnS](http://nyti.ms/14eSjnS)

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