

Conduit to Compliance or First Line of Defense - the Local Compliance Point Person

As compliance programs mature, it is becoming increasingly clear that one size does not fit all. Moreover, there may be several different approaches to creating the most effective compliance program for your organization. This past week I attended the ACI FCPA Boot Camp in Houston. Many of the presentations dealt with programs, procedures and process companies had developed specifically for the compliance issues they have faced around the globe. One of these was in a session entitled "Compliance Programs 2.0" where one of the subjects discussed was who to embed as a local compliance representative in an international business unit.

On this discussion panel were two lawyers, Rick Chapman, Assistant General Counsel at Halliburton and John Lewis, Sr. Managing Counsel - Compliance Global Anti-Bribery Counsel, they presented two distinct views on utilizing local compliance point persons in their company's respective international anti-corruption and anti-bribery efforts. I found that each company's approach had merit and that they are both models which you can review to determine which might be best suited for implementation in your organization.

Conduit

Rick Chapman described the structure that Halliburton utilizes as a conduit to the compliance department. The local compliance resource is named as the "Local Compliance Advocate (LCA)" and is generally not an attorney or in the company's Legal Department. The employee is a local business unit employee who Halliburton embeds within the compliance function. Initially the compliance group will identify a person who can handle this role and will then provide them with specialized compliance training.

Mr. Chapman remarked that two of the main roles of the LCAs are to provide compliance training to other employees in the business unit and also to listen to the compliance concerns of Halliburton employees on the ground. As the local eyes and ears of the compliance group, they can bring day-to-day concerns back to the home office for review and assessment. In this manner they are viewed as a conduit to the compliance group, headquartered in Houston.

First Line

John Lewis contrasted the Halliburton conduit approach with that of Coca-Cola regarding local compliance resources. Coca-Cola utilizes regional counsel from the Legal Department to act as "Legal Ethics Officers (LEOs)." While these LEOs are lawyers, Mr. Lewis made clear that they are employed in the Legal Department and not in the local business unit. In their role, LEOs have authority to make preliminary compliance assessments regarding day-to-day compliance issues. The company views them as the first line of compliance.

Mr. Lewis said that one of the key reasons that the company takes this approach is in dealing with foreign governmental officials. LEOs have authority to make contact directly with foreign

government officials and present the company's position on compliance issues. He stated that this brings one additional level of review and assessment to the company's compliance regime and that this could be important if a regulator reviewed any decision made by the company in the context of the Foreign Corrupt Practices Act (FCAP), UK Bribery Act or other anti-corruption laws.

I found both of these methods to create and utilize a local compliance representative creative and economically efficient. They are systems to help embed the concept of compliance within the local and international culture of an operation. By utilizing such resources, whether they be in the "conduit" format or the "first line of defense" format, I believe that a company can drive home, on a daily basis, how to conduct business ethically and within the parameters of anti-corruption laws.

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