

Welcome

Thank you for attending today's webinar. Under current circumstances, a significant portion of the workforce is working remotely; the higher utilization of the internet and servers impacts bandwidth. We appreciate your patience and understanding should any unexpected technical issues arise. As always, it is our intent to give you the information you need as seamlessly as possible.

Tips for best experience:

- Turn off unused or extra internet-connected devices. (TV streaming services, smart devices, Alexa devices, etc.)
- Use a wired connection, if possible. (Ethernet connection from router to computer.)
- Do not run additional applications during presentation. (Outlook, Internet browsers...)
- Mute your audio unless you are presenting.

The presentation will begin shortly.



FCPA Latin America Enforcement Trends and Compliance Tips

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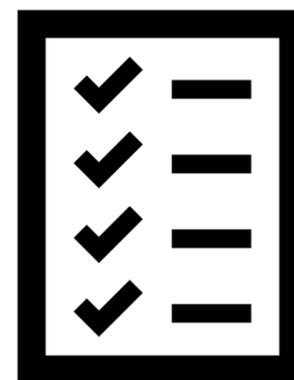


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Agenda

- Summary of FCPA Basics
- Corporate Enforcement in 2019
- Individual Enforcement in 2019
- Compliance and Red Flags: What can you do?
- Challenges of Doing Business in Latin America



FCPA Basics

- The FCPA applies to:
 - Companies organized under U.S. law
 - Foreign issuers of securities in the U.S.
 - Individuals located in the U.S., including foreign nationals
 - Employees of covered companies
- What does the FCPA require?
 - Don't bribe!
 - Keep accurate books and records + maintain internal controls



FCPA: Anti-Bribery Provision

- Anti-Bribery Provision
 - Prohibits offering, promising, authorizing, or actually paying money or anything of value to a foreign official to influence any act or decision of a foreign official (in his/her official capacity) to secure any improper advance or obtain/retain business
- Let's break that down
 - Yes, even any offer of a bribe is prohibited
 - What is a “anything of value” mean?
 - Who is a “foreign official” under the FCPA?
 - What does it mean to influence an “act” or decision” of an official?



FCPA: Accounting Provisions

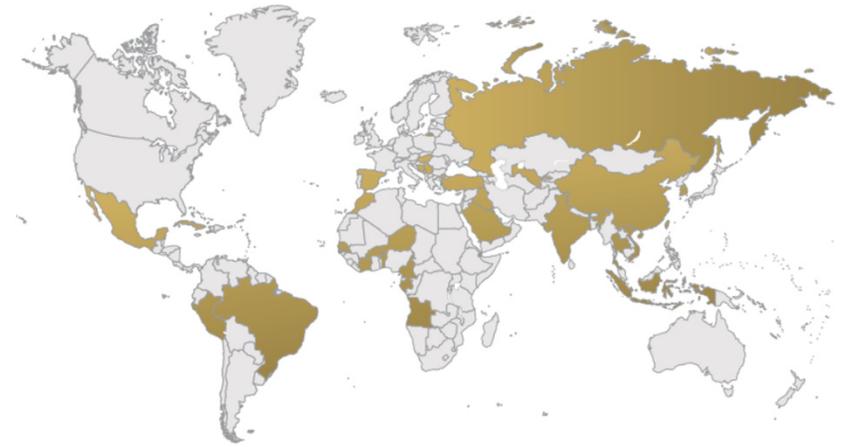
- Keep books and records that accurately reflect transactions
- Maintain system of internal controls to assure company's control, authority, and responsibility over assets

Bribes often mischaracterized as:

- Commissions or royalties
- Consulting fees
- Sales and marketing expenses
- Travel and entertainment expenses
- Rebates or discounts
- After sales service fees
- Free goods
- Intercompany accounts
- "Customs intervention" payments

Corporate Enforcement 2019

- Biggest year ever for penalties
 - Two largest penalties in history
- Industries affected
- Geographic locations
- Trends:
 - Enforcement is alive and well
 - Continued “clustering” – same conduct leading to multiple investigations
 - Continued multi-jurisdictional cases
 - Proactive compliance is rewarded



INDUSTRIES MOST AFFECTED



14 Cases
AND
\$2.65B
in Settlement Amounts

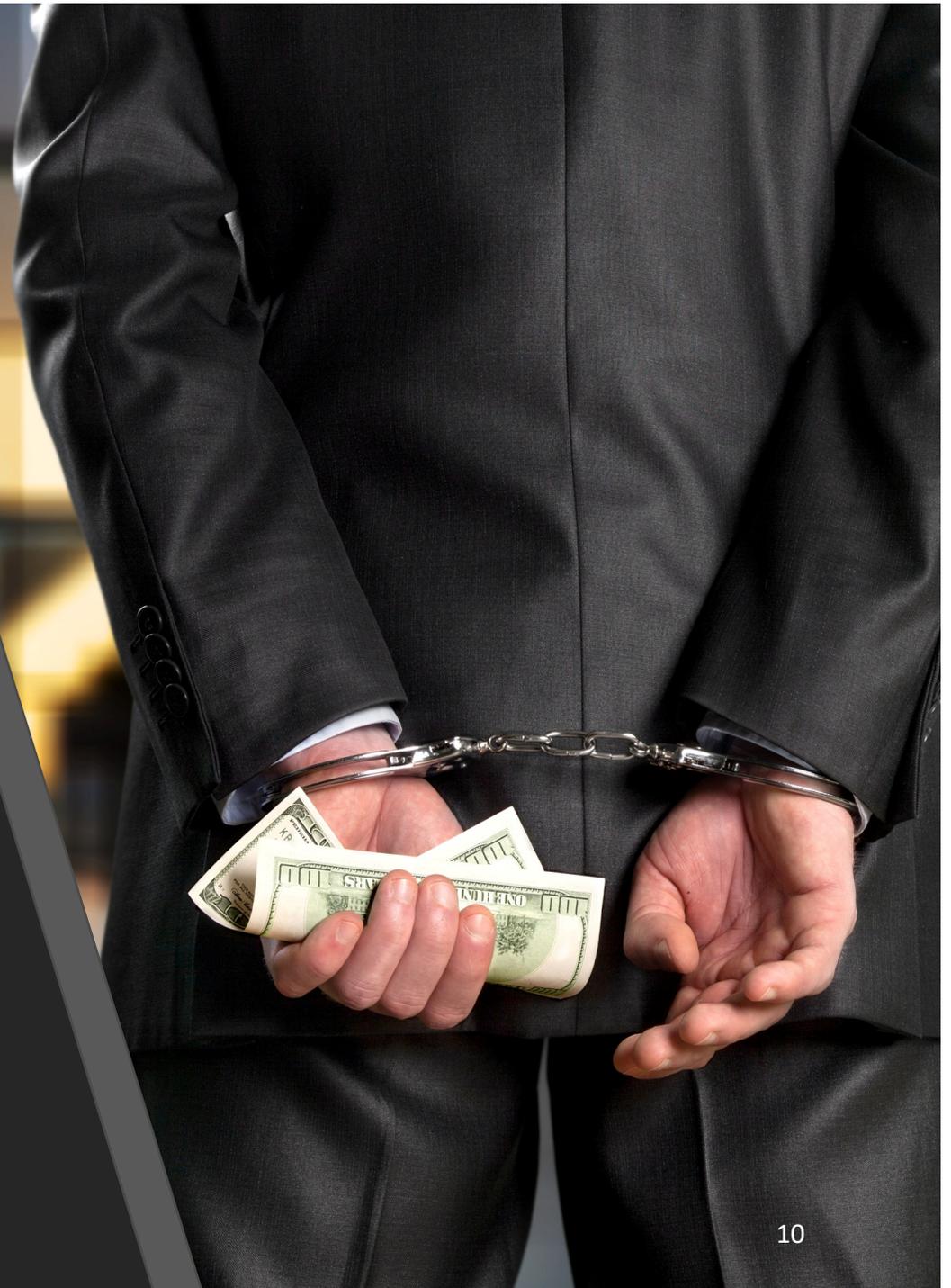
Individual Enforcement 2019

- Second highest year ever for cases
- Trends:
 - Trials
 - Four convictions and one acquittal
 - Already new developments this year
 - Will more defendants go to trial?
 - More FCPA-related cases
 - Money laundering and wire fraud charges
 - Continued individual enforcement not tied to corporate settlements
 - Is this a precursor to future corporate enforcement resolutions?

39 Individuals



**What can
you do to
avoid this?**



Hallmarks of Compliance

- Commitment from senior management – “tone at the top”
- Anti-corruption policies and procedures
- Oversight, autonomy, and resources
- Risk assessment
- Training and continuing advice
- Incentives and disciplinary measures
- Third party due diligence
- Confidential reporting and internal investigation
- Periodic testing and review
- Mergers and acquisitions: pre-acquisition due diligence and post-acquisition integration





Look Out For Red Flags

- History of corruption in specific country or industry
- Third Party Agents
 - Unusually high commissions
 - Unusual financial arrangements – such as payments to parties not involved in the deal
 - Agents or representatives that do nothing or very little
- Gifts, Meals, Travel, and Entertainment
 - Requests from government officials for travel or entertainment
 - Multiple meals with the same government official
 - Providing a large, extravagant gift or a series of smaller gifts which indicate a pattern of bribery

Challenges of Doing Business in Latin America



- Compliance challenges – highest number of FCPA violations involve
 - Third part intermediaries – usually as “business consultants”
 - Very small communities and, culturally, hiring of friends and relatives is common
 - Gifts, entertainment, and donations
 - Non-business related trips
 - Donations to institutions supported by a government official
- Common requests for things of value requested in LATAM
- Where do we draw the line?
 - Policy considerations
 - Cultural considerations
 - Legal considerations
 - Books and records
- Effect on customer relationships and personal reputations

Challenges of Doing Business in Latin America



- Potential Scenarios – Do not do good things that appear to be bad
 - Upon execution of a significant contract with a government entity, a supplier engaged by the company to participate in the execution of the work offers to provide the government entity with a local art piece valued at US\$200 and an invitation to dinner with everyone that has a role in the contract.
 - Employee invites a customer that is a government official to its facilities to see the latest technologies. During the visit, the employee offers to take the government official out to lunch.
 - Company invites customers, including government officials, and their significant others to an annual conference and the company pays for the airfare, transportation, hotel and all related expenses.
 - As part of entering into a contract with a government entity, the government requests a monetary donation to be used to improve a park within the community.
- How do I convey the limitations to my customers without losing the potential business?



Q & A