

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.



Latin America Enforcement Trends and Compliance Tips

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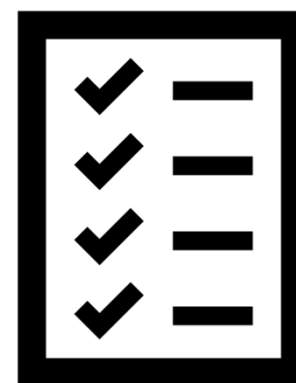


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Agenda

- Summary of FCPA Basics
- Enforcement Trends
- Challenges and Compliance Suggestions for Doing Business in Mexico
- Challenges and Compliance Suggestions for 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



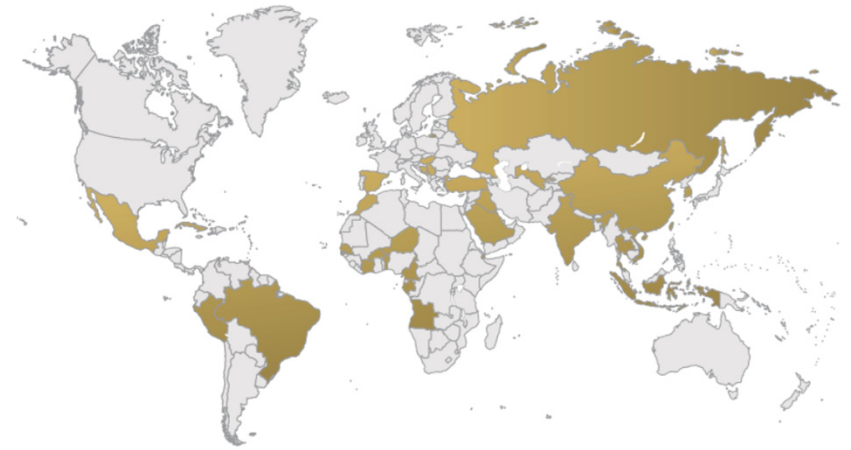


FCPA: Two Provisions

- 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 advantage or obtain/retain business
- 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

FCPA Enforcement 2019

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



INDUSTRIES MOST AFFECTED

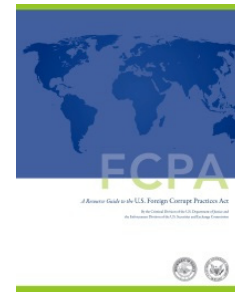


14 Cases
AND
\$2.65B
in Settlement Amounts



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



Mexico – Anti-Corruption Legal Framework



National Anti-Corruption System Law (Effective as from July 2017)

- **Sanctions:**

- Monetary sanction of up to **US\$6.6 million or disgorgement of profits (2x)**
- **Damages**
- **Disqualification** to contract with the government for up to 10 years
- **Suspension** of activities for up to 3 years
- **Dissolution and liquidation** of an entity

- **Considerations** for sanctioning:

- Affirmative defense – Compliance program ↓
- **Collaboration** with the investigation ↓
- **Disclosure** ↓
- Company **knowledge** (important: third parties) ↑
- Systematic conduct ↑

Mexico – Anti-corruption Legal Framework



Affirmative Defense: “Effective” Compliance Program

What does “*effective*” means?

1. Organization manuals and procedures
2. Code of Conduct
3. Control, monitoring and auditing system
4. Reporting systems and disciplinary proceedings
5. Training policies and procedures (“Tone at the Top”)
6. On-boarding procedures
7. Transparency and publicity procedures

Challenges of Doing Business in Mexico



- Compliance challenges (similar to those in Latin America) - However, consider:
 - Government inspections
 - Licenses and permits
 - Logistics
 - Customs – custom brokers / NOMs / robust regulatory compliance
 - Very small communities and, culturally, hiring of friends and relatives is common

Challenges of Doing Business in Latin America



- Compliance challenges
 - Third party intermediaries – usually as “business consultants”
 - Very small communities and, culturally, hiring of friends and relatives is common
 - Donations, gifts and entertainment
 - Donations to institutions supported by a government official
 - Distributor discounts
 - Slush funds
 - Plus...COVID-19
 - Government debt and unemployment
 - Working remotely

Challenges of Doing Business in Latin America



- How do I convey the limitations to my customers without losing the potential business?
 - Legal considerations
 - Contracts – Existence, A/C clauses, and audit rights
 - Termination rights
 - Policy considerations
 - Effective anti-corruption and commercial policies
 - Relaxing formalities
 - Documentation
 - Cultural considerations
 - Know your customer – Be aware of and understand local circumstances
 - Do not do good things that appear bad
 - Books and records



Q & A