

COMPLIANCE OFFICER UNDER ATTACK - FATIGUE, PERSONAL LIABILITY

All the kings horses and all the Kings men
couldn't put this compliance officer back
together again!

Fatigue,

lack of resources and

personal liability

have become the new normal for Compliance Officers.

How do Compliance Professional deal with these
symptoms and remain **functional** and **effective** in the
work place?

Knowing your Stressors:

1. Increasing Regulatory flux-
FATCA, CRS etc
2. Dealing with the above.....

Knowing your Stressors:

2. Dealing with the above-contd.

A. Leveraging hard earned FATCA knowledge and experience in the construction of a Compliance Programme

B. Monitoring due diligence for CRS etc.

Knowing your Stressors:

3. What are the **New & Continuing Expectations** of Compliance Professionals?
4. Dealing with the above
5. What **New or Improved Policies** did you **design and implement**? Are they **effective**?

Getting Help from an unexpected
source.....e.g.

Is there an Effective

Whistleblower's Policy

In your Corporate Environment?

What Is Whistleblowing?

A **whistleblower** is a person who exposes any kind of information or activity that is deemed to be:

- A. illegal,
- B. Unethical, or
- C. Not correct within an organization that is either private or public.

Alleged wrongdoing can be classified in many ways eg.: violation of:

1. company policy/rules,
2. law, regulation, or
3. threat to public interest/national security, as well as
4. fraud, and
5. corruption.

What Is Whistleblowing?

Those who become whistleblowers can choose to bring information or allegations to the surface either internally or externally.

Internally, a whistleblower can bring his/her accusations to the attention of other people within the accused organization.

Externally, a whistleblower can bring allegations to light by contacting a third party outside of an accused organization.

Whistleblowers can reach out to the media, government, law enforcement, but also face stiff reprisal and retaliation from those who are accused or alleged of wrongdoing.

An Effective Internal Whistleblowing Policy

What are the Hallmarks of an Effective WP?

What is the Culture of the Organization?

How ' Big' a deal is Ethical Behaviour in the firm?

How is it Modeled?

Is Ethical Behaviour & practice:

"more Honoured in the Breach" / " lip service" only?

NUTS & BOLTS:

1. do you actually have a written policy?
2. who produced it? How often is the policy reviewed?
3. Did you as a Compliance & Risk Professional read , understand and agree with it?
4. Is the policy specific and appropriate to the specific Industry/Profession; Is the policy state of the art ?
5. Does it require an annual sign-off by the employees regarding its contents?
6. Is the policy promoted by HR and Sr. Management?
7. Is there periodic reporting regarding the WP Reports?
8. Who are the WP Reports made to? Internal/External contact?
Are they genuinely anonymous?
9. What happens after the report?

Case Study

You have been asked to assist conducting client reviews for **Perfect Firm** which is the financial services arm of a large global company and, you receive an e-mail stating that the information referred to was obtained via 'hacking', emanating from an unconfirmed source about the CFO of Perfect Firm, whose mother (Mrs. Smith) is also one of the firm's key business introducers.

The information indicates that the CFO & Mrs. Smith have some history of fraud and have together been '*cooking the books*' and '*washing illicit funds*' for years through the firm and have even been under investigation in another jurisdiction.

As far as you are aware no other member of Perfect Firm is aware of this allegation.

Case Study contd.

Tragically on the same day as the receipt of e-mail, the storage facility in which the firm stored all of its back-up tapes and supporting records, appears on the morning news engulfed in flames with Sr. personnel from Perfect Firm, including the CFO, who is in tears inconsolably weeping. All are looking on in shock as the Fire Marshal comments about '*spontaneous combustion*'.

After the fire the CFO is on all of the talk shows commiserating regarding the lost records in the fire and the inability to reconstruct any of the Firm's historic financial dealings.

Case Study contd.

The CFO has also convinced the Board to give all employees a USD10K raise. It is clear that he is actively campaigning for the soon to be vacant role of President of the company.

The CFO, who is now a local celebrity on the *'fast track'* in the organisation, and who has told you to *"let him know whenever you're tired of pushing paper"*, because he could *"help you"*, follows a young clerk, Shameka, into the storage room and *'gets frisky'*, *'French kissing'* her and pushing her hard against the wall, saying how: *"He Loves the Hoochie mamas dem!"*

Shameka's 1st stop after exiting the storeroom is your office and she tells you everything!

Case Study contd.

- What actions would you take and why?
- Who would you speak to?
- If there were an effective Whistleblowing Policy what would you do?
- In the absence of an effective Whistleblowing Policy what would you do?

Questions?

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Thank You!