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What is the FCPA?

The Foreign Corrupt Practices Act ("FCPA") prohibits entities or individuals to corruptly make an offer, promise, or payment of "anything of value" to a "foreign official" for the purpose of "influencing" any act or decision to obtain, retain or direct business. The two provisions under the act are Anti-Bribery (as defined above) and the Books and Records which require corporations covered by the provisions to (a) make and keep books and records that accurately and fairly reflect the transactions of the corporation and (b) devise and maintain an adequate system of internal accounting controls.

GlassRatner FCPA Services

- Global FCPA Investigations
- Anti-Corruption Compliance Services
- Corruption/Fraud Risk Assessments (SOX Requirement)
- FCPA Due Diligence on Third Parties/Employees
- Asset Tracing
- Anti-Money Laundering
- Scenario Based Anti-Corruption Training

Clients Potentially in need of FCPA Services

- Clients that have international locations or are considering exporting or providing services in international locations
- Clients that deal with foreign governments on a regular basis
- M&A clients that have international targets in high risk countries
 - The acquiring company is responsible for past and present FCPA violations by targets
- Outside counsel with the same clients listed above
- Multinationals that do not have updated FCPA policies and procedures

Foreign Corrupt Practices Act (“FCPA”) CLIENTS, RESOURCES, AND FAQ



GlassRatner Resources

- On the ground local country resources through GlassRatner and BTG (Asia, Latin America, Europe, and Africa)
- Multi-lingual experienced investigators/forensic accountants (former “Big Four” accountants and former FBI Special Agents)

Potential Client Contacts

- C-Level Executives
- Board of Directors
- General Counsel
- Internal Audit Directors
- White Collar Attorneys
- Corporate Governance Attorneys
- International Trade Attorneys
- Compliance Officers
- Investor in International M&A Activities
- Corporate Security Officers

FCPA FAQs

Who is covered under the FCPA?

The FCPA includes:

- Domestic concerns - employees/entities that are located in the United States
- Publicly held entities (issuers) which are the business entities (foreign or domestic) that are traded on US stock exchanges or required to file reports with the SEC
- Foreign employees of US domestic concerns or publicly traded entities
- Dealers, independent sales representatives, and third party brokers of domestic concerns or publicly traded entities

What does “corruptly” mean?

Corruptly refers to the intent of the party offering anything of value. This term is more for attorneys to argue in court. If your client is in the situation of struggling with the definition of “corruptly”, then preventative and compliance measures have already failed. It is better to have a robust anti-corruption compliance program in place before the definition of corrupt intent is required.

Foreign Corrupt Services Act (“FCPA”)

FAQ (CONTINUED)

3

What is anything of value?

FCPA enforcement actions have been based on the following “things of value” provided directly or indirectly to a “foreign official”:

- Gifts such as cash, cars, jewelry, etc
- Excessive travel and entertainment expenses
- Educational or executive training expenses
- Promises of future employment
- Shares or dividends of a company
- Credit card payments
- Paying off loans

What is a Foreign Official?

The FCPA defines “foreign official,” as “any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.” “Foreign Official” includes family or anyone acting for the foreign official. This can include customs officials, tax collection agents, and doctors working on behalf of the government under social security programs.

Are Payments to Foreign Officials Typically in Cash?

Although we have seen direct payments, often times we have more indirect payments such as:

- Loans to relatives of foreign government officials
- Credit card payments
- Employment of relatives
- Vacations or excursions during an “office visit”
- Club memberships

What are the penalties and fines associated with violations of the FCPA?

Anti-Bribery

	Civil	Criminal
Corporate	\$16,000	\$2 Million
Individuals	\$16,000	\$250,000
Imprisonment		6 years max. (per count)

Accounting

	Civil	Criminal
Corporate	\$725,000	\$25 Million
Individuals	\$150,000	\$5 Million
Imprisonment		20 years max. (per count)

The fines/penalties above are misleadingly small as they are per incident/transaction, do not include disgorgement of profits, and do not include investigation and legal fees which can run into the millions of dollars.

Foreign Corrupt Services Act (“FCPA”)

FAQ (CONTINUED)



Why should international entities have concern for potential FCPA violations?

- FCPA investigations and enforcement actions by the DOJ and SEC have increased tremendously in the last 15 years
- Average length of an investigation has increased, which increases investigation costs and bad publicity, while also decreasing stakeholder confidence
 - 2003: 1.4 years
 - 2013: 7.3 years
- U.S. parent companies held liable for the acts of foreign subsidiaries, even where they were not aware of the violations
- M&A - Buyers can inherit an entity's current and past FCPA issues
- Corporate executives are being charged criminally for violations, which in certain cases includes incarceration
- Increased scrutiny of “foreign” government partners - particularly in “high” corruption risk countries
- New sources of information for DOJ and SEC
- According to the Organization of Economic Cooperation and Development OECD 2015 data:
 - At least 115 of the sanctioned individuals were sentenced to prison for foreign bribery
 - At least 116 individuals and 209 entities have been sanctioned in criminal, administrative and civil cases for other offenses related to foreign bribery, such as money laundering or false accounting, in 9 parties
 - Approximately 302 investigations were ongoing in 28 parties during 2015
- Other countries such as Mexico, Brazil and France are adopting anti-corruption legislation and coordinating investigations globally

GlassRatner

ABOUT THE FIRM



About GlassRatner

GlassRatner Advisory & Capital Group LLC

("GlassRatner") is a national multi-office specialty financial advisory services firm providing solutions to complex business problems and Board level agenda items. The Firm applies a unique mix of skill sets and experience to address matters of the utmost importance to an enterprise such as managing through a **business crisis or bankruptcy**, planning and executing a major **acquisition or divestiture**, pursuing a **fraud investigation or corporate litigation**, and other top level non-typical business challenges. GlassRatner has a national reputation in the area of Bankruptcy and Restructuring Advisory Services and Forensic Accounting and Litigation Support Services.

About B. Riley Financial

GlassRatner is excited to be a part of the **B. Riley Financial** ("B. Riley") family. B. Riley provides collaborative financial services and solutions tailored to fit the capital raising and financial advisory needs of public and private companies and high net worth individuals. The company operates through several wholly-owned subsidiaries, including B. Riley FBR, a full-service investment bank and institutional brokerage; Great American Group, a leading provider of asset disposition, appraisal, corporate advisory and valuation services; GlassRatner, a specialty financial advisory services and consulting firm; B. Riley Wealth Management, B. Riley Asset Management and B. Riley Alternatives, which offer investment management to institutional and high net worth investors; Great American Capital Partners, which originates and underwrites senior secured loans for asset-rich companies; and B. Riley Principal Investments, which invests in or acquires companies and assets with attractive return profiles.

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