

# THE NATIONAL LAW JOURNAL

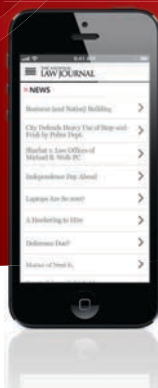


**GOVERNANCE, RISK & COMPLIANCE**  
TRAILBLAZERS & PIONEERS 2014

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Dear Readers,

This year the publishing arm of *The National Law Journal* is recognizing the inaugural list of people who have truly “moved the needle” in facilitating the changing ways that law firms conduct business towards governance, risk and compliance. Whether it be technological developments, operational efficiencies, marketing & business development breakthroughs, or research – we think this list embodies the spirit that will shepherd and shape modern law firms as a business going into 2014 and beyond.

While we realize that there are hundreds who could be acknowledged for their contributions towards transforming the way law firm approach governance, risk and compliance, we believe this list to be the best. *Governance, Risk and Compliance Trailblazers & Pioneers* catalogs the extraordinary accomplishments of these ground breaking thinkers – we sincerely hope you enjoy this special section, and look forward to compiling next year’s list!

Congratulations again to this year’s honorees.

All the best,

Scott Pierce  
Publisher, *The National Law Journal & Legal Times*

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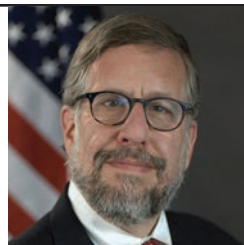
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## GEOFFREY ARONOW

SECURITIES AND EXCHANGE COMMISSION



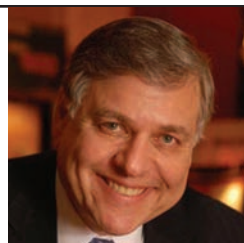
**PIONEER SPIRIT** Geoffrey Aronow spent the early part of his career in private practice doing regulatory work until 1995, when he joined the Commodity Futures Trading Commission (CFTC) as Director of Enforcement. He returned to private practice in 1999 and continued to focus on derivatives matters, until Chairman Elisse Walker named him general counsel of the SEC in 2013. When Mary Jo White replaced Walker, Aronow became Senior Counsel to the Chair in order to focus on international issues and soon became Chief Counsel and Senior Policy Advisor to the Commission's Office of International Affairs.

**TRAILS BLAZED** Stock markets have only recently become internationally oriented, but futures have long had delivery points worldwide. "On the securities side, regulators have had to catch up on dealing with issues on an international basis." Aronow has focused on the process of making regulations work across jurisdictions. "Derivatives are a much different market. They've been regulated for years, but the swap markets are just now being regulated for the first time." Aronow is focusing in part on finding the right model for regulating different parts of the securities market going forward.

**FUTURE EXPLORATIONS** Aronow believes that over the next few years there will be a continued focus on finding the optimum balance of international harmonization and independent regulatory action. "There's clearly a debate that will continue on whether it benefits the markets to have everyone singing from the same hymnal, or are different strategies inevitable—and perhaps beneficial because you can see what works."

## THEODORE L. BANKS

SCHARF BANKS MARMOR



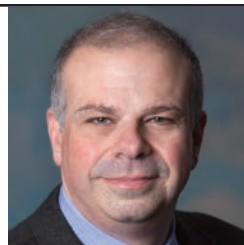
**PIONEER SPIRIT** Ted Banks was in-house at Kraft Foods and responsible for antitrust, which included antitrust compliance. Over the years, especially after the first Organizational Sentencing Guidelines in 1991, the compliance operation became more established. "Antitrust compliance is about asking who is most likely to get the company in trouble and training those people." Banks took the same approach to compliance in general, starting with risk assessments and then adding training. "The key is understanding the risk, finding the employees who can trigger it, and get them the information they need to do their job legally." In 2009, Banks left Kraft for private practice and is now name partner at Scharf Banks.

**TRAILS BLAZED** Over the years, Banks' approach was validated by the relative lack of problems experienced by the company in the areas covered by the compliance program. "One of the benefits was creating a mechanism for getting people to report things early so we could manage legal risks and also contain any reputational damage. Every consumer has the choice to buy a different product and they will make that choice if they feel they can't trust the company." An early adopter of technology, Banks animated his first presentations with Harvard Graphics and developed one of the first employee-facing intranets for compliance.

**FUTURE EXPLORATIONS** Banks believes that there is going to be compliance information on every device. "You'll be able to ask your smartphone, 'What are the limits on taking a government employee out to lunch?' and get an answer instantly."

## NAWAF BITAR

JUNIPER NETWORKS



**PIONEER SPIRIT** Nawaf Bitar had been vice president of engineering for a storage company, when in 2006 he saw the opportunity in security. "I enjoy the cat-and-mouse game and the fundamental asymmetry: Attackers have to find one way in, we have to find all the ways to keep them out."

**TRAILS BLAZED** In remarks he made at the RSA Security Conference early this year, Bitar chided the industry for letting our privacy unconsciously and slowly erode without any endorsement. It's been in service of some noble goals, he says, but because it has been piecemeal, the industry has lost sight of what we continue to give up. "We should be outraged and as an industry, we must change the way we defend from a passive defense to an active one where we push back on the attackers during the commission of a crime." Bitar does not advocate "hackback," but does believe in active engagement, such as surreptitiously providing hackers with fake encrypted passwords during an attack.

**FUTURE EXPLORATIONS** Bitar expects that we will continue to see evolving and sophisticated attacks, despite the fact that defenses are evolving. "Nation-states and companies are providing hackers with resources and time to achieve nefarious objectives." Also, "corporations and law enforcement agencies will need to cooperate with each other, sharing intelligence, that will allow for more timely and efficacious response."

## ROBERT BOND

SPEECHLY BIRCHAM



**PIONEER SPIRIT** While working as a lawyer doing general corporate and commercial work, Bond was approached for help by his next-door neighbor, who had invented a game like Space Invaders. "I was 24 and my client was 18." Bond already built a practice representing computer game publishers when, in 1983, the first English Data Protection bill was drafted. "Even in the 1980s we were collecting personal information, usually from software registration cards." In the mid 1980s he started advising on privacy issues.

**TRAILS BLAZED** Since around 2004, Bond has been focusing on integrating data compliance into corporate governance and compliance programs worldwide. Data privacy concerns have grown very quickly due of the sheer explosion of data sharing. "For many businesses today, their single biggest asset is data. Information is the oil of the internet. It's something to be mined, but like oil if it gets spilled the enforcement regime will get aggressive." Bond is also seeing a trend towards globalization.

**FUTURE EXPLORATIONS** More and more, Bond says, individuals are seeing their personal information as a valuable commodity. "Even though we give away our information for free apps and warranties, it doesn't mean we should lose total control." Bond also expects big challenges as more countries mandate the role of the data protection despite the fact that there's not enough talent. "If anyone is looking for a new career, this would be a good one."

## NICOLA BONUCCI

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT



**PIONEER SPIRIT** Nicola Bonucci joined the OECD in 1993, and a few years later negotiated an international convention on combating bribery, which went into effect in 1999 and includes strong monitoring of how each country is implementing the convention. "When the United Kingdom decided to drop a major investigation of BAE Systems, we took a strong stand and the U.K. ultimately adopted new legislation: The U.K. Bribery Act. This was a major turning point."

**TRAILS BLAZED** Bonucci has been working on recommendations and guidance on compliance and ethics for all countries that are a party to the convention. The organization has also created a new reporting mechanism where companies in emerging markets can circumvent local authorities and make confidential complaints without facing retaliation. The process is being tested in Colombia, where, "We have a group of specialists who report to someone close to the president. Already, there have been a number of cases where it's been used successfully and to the satisfaction of the company."

**FUTURE EXPLORATIONS** Bonucci expects to see more and more competition among coming from very different countries and cultures. "So far compliance has been mostly by and for Western companies, but in order to be effective the model in China is not necessarily the same as in Western countries. We need to take into account that they may have a different way." He also expects a more consolidated approach to compliance, with anti-money laundering, anti-corruption, export restrictions all merged into a compliance and control function that looks at the business as a whole.

## LANNY BREUER

COVINGTON & BURLING



**PIONEER SPIRIT** While serving as an Assistant District Attorney in Manhattan after law school, Lanny Breuer saw the effects of corruption. "Corruption is an insidious phenomenon that hurts people and keeps bright, young, ambitious people from improving their lives." After some time in private practice and a stint in the White House Counsel's Office, Breuer returned to the DOJ as Assistant Attorney General in 2009. "In a division with 600 prosecutors, we had the ability to deal with corruption issues to some degree. We could prosecute those who went awry but also create incentives to remain more compliant." In 2013, he returned to Covington & Burling.

**TRAILS BLAZED** As Assistant Attorney General, Breuer focused on "taking the FCPA to a whole new level by bringing cases in the U.S., expanding the unit and going around the world to speak about corruption." He also was instrumental in creating the FCPA Resource Guide in collaboration with the SEC and in launching the Kleptocracy Asset Recovery Initiative, through which "for the first time ever we have a mechanism to bring lawsuits against foreign officials who try to bring money or invest in U.S."

**FUTURE EXPLORATIONS** Breuer believes that in this day and age it's hard to be a sophisticated company and not have a robust compliance program. "If you are a company of any consequence, the DOJ will look askance at you if you have no program." He also expects this to continue to be true overseas as more countries keep getting involved.

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# Congratulations

We salute all *The National Law Journal's* 2014 Governance, Risk & Compliance Trailblazers & Pioneers, and we particularly recognize our partner Christine Varney for her leadership and achievements in the antitrust field.

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CRAVATH, SWAINE & MOORE LLP

## SCOTT CHARNEY

MICROSOFT



**PIONEER SPIRIT** Scott Charney was a federal prosecutor in 1991 when FBI Director Robert Muller tasked him with focusing on cyber crimes. From there he went to PricewaterhouseCoopers, where he led the firm's Digital Risk Management and Forensics Practice. "That was interesting because we'd make all these recommendations, but our clients wouldn't necessarily embrace them due to the cost. They'd say, 'We can't show the ROI.' I learned a lot about balance." In 2002 he left for Microsoft, where he is now Corporate Vice President, Trustworthy Computing.

**TRAILS BLAZED** In his early days at Microsoft, Charney helped implement the Security Development Lifecycle (SDL). "Security is a discipline. Privacy is a discipline. They are vertical. But risk management is a horizontal function that applies across every aspect." Charney says he's most proud of the company's commitment to the process. "The company really created a culture of security, which is about managing the risks on behalf of our customers. It's now embedded."

**FUTURE EXPLORATIONS** Charney suggests that we will continue to see sophisticated, advanced, persistent threats from nation-states and organized crime. However, "we will get to a place where there are much higher levels of security in many of the transactions that take place across networks." He also points out that we are entering a world of big data, with more access points. "Data analytics with machine learning will enable great societal benefit but also raise big security issues."



## ARTHUR W. COVIELLO, JR.

RSA, THE SECURITY DIVISION OF EMC



**PIONEER SPIRIT** Art Coviello started his career as an auditor, “which is a good place to start if you are going to end up in cyber security or GRC.” He was CFO of an internet company in the web’s early days when it became clear to him that security was going to be an increasingly important element. He joined RSA as EVP Finance and Operations in 1995, later became CEO and still leads what is now known as RSA, the Security Division of EMC. “We started to see digital and business risk become more and more combined; it was a natural segue into GRC.”

**TRAILS BLAZED** Coviello’s impactful keynote address at the RSA Security Conference in 2014 was an effort to raise the level of discussion about security and privacy. “We’ve had centuries to develop norms of behavior in the physical world, but scant decades in the virtual world.” He called on nations to: (1) renounce the possibility of cyber weapons; (2) collaborate to investigate, capture and prosecute cyber criminals across borders; (3) better protect intellectual property; and (4) respect privacy rights, but not without limits.

**FUTURE EXPLORATIONS** “If you are a technologist you are an optimist. You believe that technology can solve any number of problems.” Coviello sees productivity standards rising across the world to create a tide that will lift all boats. “However, technology can be used for ill, so having the ability and structure to manage risk is critically important and an enabler for good to come.”

## LAURA COX KAPLAN

PRICEWATERHOUSECOOPERS



**PIONEER SPIRIT** Laura Cox Kaplan’s career started on Capitol Hill, where she worked for Senator Richard Shelby and then in Senate Leadership. After a short stint in the private sector, she moved to the Treasury Department, followed by the SEC under Chairman William H. Donaldson, where she was responsible for external facing strategies. “My mission was to help improve the Commission’s brand and refine its communications strategy in the days after Enron and the Sarbanes-Oxley Act.”

**TRAILS BLAZED** At the SEC, Kaplan was part of a three-person leadership team reporting directly to Chairman Donaldson. She set strategy for all external-facing activities. “Investor confidence was shaken after governance failures at Enron and Worldcom, and we were working to set a different tone from the Chairman’s office.” In 2004, soon after Arthur Andersen’s collapse, she joined PricewaterhouseCoopers, where her job was “to help them adapt as a newly regulated industry and set a positive, improved tone for the profession.” Kaplan also was instrumental in getting the big accounting firms to work as a cohesive group again. “We needed to work together to regain the public’s trust.”

**FUTURE EXPLORATIONS** As the first woman to hold her role at PwC, one of Kaplan’s current areas of focus is the need for greater diversity at PwC and in c-suites. Many firms have embraced this idea, but haven’t yet achieved a fully diverse workforce, particularly related to retention of women. “We need to inspire corporate cultures where it’s easier to discuss work life priorities and find creative solutions to them. That openness helps create a stronger talent pipeline and ultimately more diverse workforce that is critical to success in a global economy.”



## LUCIO DE RISI

### MEGA INTERNATIONAL



**PIONEER SPIRIT** Lucio de Risi launched MEGA International in 1991 to help companies improve their business processes and information technology. However, “improving the business without accounting for the risks doesn’t really work,” so they entered the GRC space in 2005, as part of a new Enterprise Governance initiative.

**TRAILS BLAZED** MEGA developed a new tool to track Enterprise Governance in 2007 and in 2013 launched HOPEX, a single platform for managing business process, IT, and enterprise governance. “This adds a new dimension to GRC, which is often seen as a set of activities within silos. We help connect business process management with IT management and risk management in order to enable business performance improvement in increasingly complex organizations.”

**FUTURE EXPLORATIONS** De Risi believes that keeping silos and staying disconnected will no longer be an option because business is too complex. Moving forward, he says that companies will understand and be more sensitive to continuous business transformation and the continuous pressure of risk. “We have entered the digital world; digital disruption is in all companies. People have to connect to get good results. The silos will be destroyed over time. But the key is changing methodology.” He also underlines the strong role that technology plays today in companies, especially in GRC. “Taking full control of IT needs to be a major goal. Without strong IT, risks are increased and performance cannot be managed. The digital dimension is critical.”

## CARLO V. DI FLORIO

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)



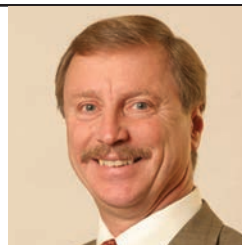
**PIONEER SPIRIT** Carlo di Florio’s early career with PricewaterhouseCoopers focused on international fraud and corruption investigations, where he learned the costly impact of governance, risk and compliance failures. He then became a partner in PwC’s risk and regulatory consulting practice helping firms strengthen their governance, risk management, compliance and ethics programs. “The common denominator that I found fascinating was how important tone at the top, culture and these programs are to an organization’s success or failure.”

**TRAILS BLAZED** After the financial crisis, di Florio stepped into public service as a senior regulator at the Securities and Exchange Commission (SEC) and then the Financial Industry Regulatory Authority (FINRA), which share a common mission to protect investors and the integrity of our markets. At the SEC, di Florio served as the Director of the Office of Compliance Inspections and Examinations, where he led a transformation to a risk-based national examination program. In 2013, he moved to FINRA to serve as its Chief Risk Officer and Head of Strategy. “GRC is central to investor protection and market integrity, and I’ve enjoyed serving this important mission tremendously.”

**FUTURE EXPLORATIONS** Di Florio believes the convergence of new technologies, big data and risk analytics will enable regulators and firms to significantly strengthen the effectiveness of their corporate governance, risk management and regulatory compliance programs like never before. “This in turn helps strengthen investor protection, market integrity and financial stability, which are critical to public trust and confidence in our markets.”

## LEE DITTMAR

DELOITTE



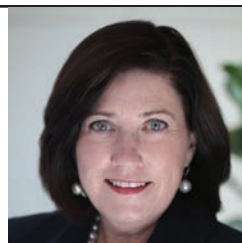
**PIONEER SPIRIT** A consultant by trade, Lee Dittmar started thinking about compliance after Sarbanes-Oxley was passed in 2002. “I realized the compliance is less about accounting and more about information. And companies were having a hard time finding that information.”

**TRAILS BLAZED** Dittmar has tried to help his clients find value from Sarbanes-Oxley. “The information needed for financial reporting can also be used to improve your business performance.” He wrote about this in his April 2006 *Harvard Business Review* article, “The Unexpected Benefits of Sarbanes-Oxley.” Dittmar has moved his practice from Sarbanes-Oxley to GRC, but it is “still part of performance management and turning data into information and then into insight.” He believes that technology is the key. “We have studied companies’ ability to produce information. Technology improvements have come so far, we can do things we never dreamed of only a few years ago. The line from Sarbanes-Oxley to GRC-Information Analytics is not one many would have predicted.”

**FUTURE EXPLORATIONS** Dittmar believes that soon we will have insights at our fingertips, including alerts when something is happening in the organization. “We will move away from audits, exception reporting and root-cause investigation and instead be able to do real-time, risk-based analysis.” He adds that the companies that harness that power will excel. “The opportunities are huge. The best-run companies will look at these things through the lens of opportunity.”

## CHERYL A. FALVEY

CROWELL & MORING



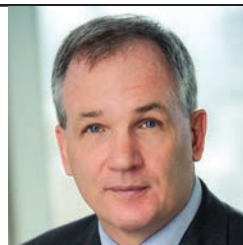
**PIONEER SPIRIT** Cheri Falvey’s first cases as a young litigator involved design defects, so she quickly became cognizant of how federal regulations impacted the parties—and the jury—in a case. “When it came to products and food and chemical, the federal regulatory scheme often defined how things played out in the courtroom.” After 18 years as a litigator, Falvey was named General Counsel of the Consumer Product Safety Commission, where she stayed for almost 5 years before joining Crowell & Moring in 2012.

**TRAILS BLAZED** Falvey joined the CPSC when the agency was being reauthorized by Congress via the Consumer Product Safety Improvement Act of 2008 and she helped to implement this major piece of legislation. “The biggest lesson I learned was how political and public policy forces shape legislation and play out in the media—and social media—to impact regulatory bodies.” During her time at the CPSC, they built a publicly searchable database for consumer complaints. “That information, coupled with complaints about products, can really drive action at a regulatory agency.”

**FUTURE EXPLORATIONS** Falvey sees a shift from traditional consumer safety toward security. “There’s technology in so many products: toys, appliances, smartphones. Consumers are not just demanding safe products; they are requiring secure products.” Falvey also points out the timeline for action is much quicker due to social media. “An issue pops up on a company’s Facebook page or in a blog, and we are dealing with a problem on the east coast before anybody’s even woken up in the west.”

## PATRICK J. FITZGERALD

SKADDEN, ARPS, SLATE, MEAGHER & FLOM



**PIONEER SPIRIT** Patrick Fitzgerald got started in the government, as a federal prosecutor and looking at how the government managed risk, specifically in counter-terrorism and counter-espionage. "The agencies made sure to focus on high risk areas." In the past decade, a similar intelligence-driven process has allowed companies to minimize risk.

**TRAILS BLAZED** Once he left government, Fitzgerald saw companies struggling to understand how regulators and investigators think and how best to explain to the government what the company is doing. "There are companies that are trying to going about it the right way, but they are fearful that they run a risk that a prosecutor may not appreciate that." Fitzgerald cites an example of a company that wanted to take a highly technical, intelligence driven approach to reducing the risk of corruption. "They were concerned that with less personnel, regulators would assume they are devoting less resources." Fitzgerald recalls that when he was in government, he was more focused on how a company responded to a problem than the problem itself. "In a large company, people are always going to do something they shouldn't do. But reacting to correct the problem and minimize the risk of a repeat is critically important."

**FUTURE EXPLORATIONS** Fitzgerald believes that there's a need to get to the right answer with an efficient internal investigation, while being able to explain the scope of the investigation. "You don't need to check every gift shop on the island at prohibitive expense, but you do need to show the government that you are looking in all the logical places and not looking to avoid finding things."

## PAUL V. GERLACH

SIDLEY



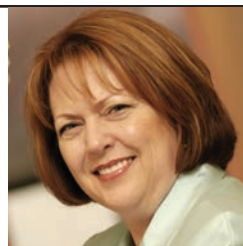
**PIONEER SPIRIT** In the late 1980s, with experience as an antitrust litigator, Paul Gerlach went to the SEC as a staff attorney and worked his way up to associate director. "My goal was to try to protect investors and reduce the risk of recurrence. The Commission has historically looked outside the box and used its legal authority creatively to fashion appropriate, prophylactic and effective remedies."

**TRAILS BLAZED** During his tenure at the SEC, Gerlach helped to reinvigorate the FCPA enforcement program in the mid-1990s, including the first FCPA case against a foreign issuer, the Italian company Montedison. "But the last big thing I worked on was the SEC against the NASD, which led to a restructuring to separate NASD's commercial arm from its regulatory function as an SRO." Since joining Sidley in 2000, he has built the firm's SEC enforcement practice. "We now have almost 30 partners worldwide who consider SEC enforcement their primary practice area."

**FUTURE EXPLORATIONS** Historically, there has been a sharp delineation between civil and criminal enforcement in the U.S, but recently there has been more use of criminal enforcement powers for what previously would have been left to the civil agencies. "Now the DOJ is getting involved in prosecutions that would have been left to the SEC or a self-regulatory organization. So penalties and risks have changed dramatically." Gerlach also cites increased globalization, which has made compliance and governance more complex and leads to increased enforcement "Global regulators are slowly but surely becoming just as vigorous as U.S. regulators. We are the regulatory model for the world."

## KAYLA J. GILLAN

PRICEWATERHOUSECOOPERS



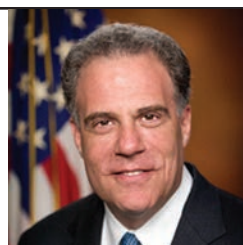
**PIONEER SPIRIT** When Kayla Gillan was a junior attorney at the California Public Employees' Retirement System (CalPERS), their chief investment officer expressed frustration that some of the companies in their portfolio were paying "greenmail" (i.e. buying stock at inflated prices as a strategy for defending a takeover bid) to potential raiders. They filed an anti-greenmail proposal—the first ever passed by an institutional investor. "This started a movement by institutional investors to take more of a role in the companies they own." Gillan was involved in the formation of the Counsel of Institutional Investors, which provided a forum for investors to work together on these issues. "A result was that corporate governance became much bigger."

**TRAILS BLAZED** In 2002, Gillan was appointed as a founding board member of the Public Company Accounting Oversight Board (PCAOB). After two terms on the Board, she left in 2008 to join RiskMetrics Group, before joining the SEC as a then-newly public company. In 2009 she joined the SEC as Deputy Chief of Staff before joining Pricewaterhouse Coopers to lead the firm's new Investors' Resource Institute in 2013.

**FUTURE EXPLORATIONS** While "proxy access" was overturned by the courts in 2011, Gillan believes that the ability of shareholders to directly nominate candidates for the board of directors is inevitable in the next decade. "It may or not look like 'proxy access' but it's coming."

## MICHAEL E. HOROWITZ

DEPARTMENT OF JUSTICE



**PIONEER SPIRIT** Michael Horowitz was a prosecutor in the Southern District of New York from 1991 through 1999 and Chief of the Public Corruption Unit before joining the Criminal Division at Main Justice from 1999-2002. In that role, he was ex officio to the U.S. Sentencing Commission and upon leaving he served on an ad-hoc working group making recommendations on changes to the Organizational Sentencing Guidelines. From 2003 to 2009, while in private practice, he was a Commissioner on the U.S. Sentencing Commission. In 2012 he left private practice to return to the DOJ as Inspector General.

**TRAILS BLAZED** In private practice, Horowitz did a lot of advisory work and speaking on the Guidelines and also advised companies on developing compliance programs. He also was a board member of the Ethics Resource Center and the Society for Corporate Compliance and Ethics. "I became much more aware of how compliance and audit have overlapping interests" which he has leveraged as Inspector General. "Some of the issues that were waiting for me needed some real thinking; my office makes recommendations to the Department to improve controls and program functions." He quickly learned that the policies at the ATF, for example, were often very different than at the FBI and other components. "There is some reason to have some differences due to different mandates, but there are lot of similarities. We now look at issues across all components to determine best practices."

**FUTURE EXPLORATIONS** Horowitz is facing a few big issues for the department, including how to manage in an era where budgets are likely to remain flat. "We need a greater focus on effectiveness, efficiency and good management."

## ANASTASIA KELLY

DLA PIPER



**PIONEER SPIRIT** Stasia Kelly's career has in large part been about building compliance, legal and regulatory teams. As that world became more important, her work in that area also became more important, especially at MCI and AIG, where "building compliance teams became a big part of the job." Now at DLA Piper, she has helped the firm roll out a global governance and compliance practice. "DLA is uniquely suited due to our global footprint."

**TRAILS BLAZED** When Kelly got to Sears, the company had just pled guilty to a felony violation of the bankruptcy code and she was brought in to assemble a regulatory and compliance group from scratch. She then went to MCI a year after their bankruptcy in order to help rebuild the function and get the company ready for sale (ultimately to Verizon). "That due diligence was something we were very proud of." In 2006, she went to AIG and developed a global integrated compliance and regulatory team, which was crucial when the company fell into crisis in 2008. "I'm proud to have built teams at different companies, and now at DLA where we can bring together the practitioners to address our clients' needs."

**FUTURE EXPLORATIONS** Kelly notes that every enforcement agency is looking very carefully at corporate conduct. "It's global. No longer can you say that if you comply with money laundering or FCPA that you are ok." And the stakes are high. "Companies can get brought down—or at least lose serious money—when they have a problem."

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## GIVE HER A HAND.

DLA Piper congratulates our friend and partner Stasia Kelly, named by *The National Law Journal* to its 2014 list of Top 50 Trailblazers and Pioneers in Corporate Governance and Compliance.



Heidi Levine and Richard Hans, 1251 Avenue of the Americas, 27th Floor, New York, NY 10020 | DLA Piper LLP (US) is part of DLA Piper, a global law firm, operating through various separate and distinct legal entities. Further details of these entities can be found at [www.dlapiper.com](http://www.dlapiper.com). | Attorney Advertising



## ROBERT KHUZAMI

KIRKLAND & ELLIS



**PIONEER SPIRIT** Rob Khuzami always wanted to be a prosecutor and ended up the U.S. Attorney in the Southern District of New York, prosecuting, among other cases, the 1993 bombing of the World Trade Center. “But I was attracted to white collar crime; I saw it as particularly troublesome because it was often committed by those who had advantages in life.” Khuzami eventually served as Chief of that district’s Securities and Commodities Fraud Task Force before moving in-house to Deutsche Bank in 2002.

**TRAILS BLAZED** After the Madoff and crisis, Khuzami was asked to take over as Director of Enforcement for the SEC. It was a time of crisis for the Commission and the Enforcement Division in particular. “I’m proud of how we were able to restructure to be smarter, more nimble, more innovative and data driven.” Highlights at the SEC included the creation of national specialized units, the cooperation program, efficiency improvements, the hiring of a COO to manage the division’s business functions and a new “Office of Marketplace Intelligence,” which served as a centralized location to receive, analyze and triage monitor all tips and complaints and referrals. Khuzami moved to Kirkland & Ellis in 2013. “I’ve now had all the seats at the conference table: in-house counsel, prosecutor, regulator and outside counsel.”

**FUTURE EXPLORATIONS** Khuzami says organizations are going to have to devote greater time and attention to controls around business practices and keep a watchful eye for conduct that gets too close to the line.

## HUGUETTE LABELLE

TRANSPARENCY INTERNATIONAL



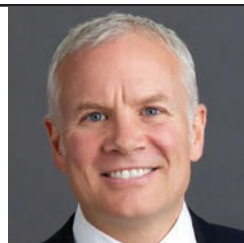
**PIONEER SPIRIT** Huguette Labelle served as president of the Canadian International Development Agency, where she was able to see firsthand “the ravages of corruption.” She realized that eliminating corruption, particularly in the developing world, ensures quality of life. “Also corruption was a common denominator in countries with social destabilization. Lack of corruption is directly related to peace.” With this in mind, she became Chair of the Board of Transparency International in 2005.

**TRAILS BLAZED** Labelle’s focus is getting countries to live up to the commitments they’ve made by giving themselves the laws and approaches to limit corruption and deal with it when it happens. “We are a solutions provider; we’ve developed systems and tools to detect and prevent corruption.” Labelle suggests that multilateral agencies, such as the U.N. World Bank and OECD, and other groups such as the G20, are multipliers that reach many countries at once. One big accomplishment has been working with others to get the U.N. Global Compact to add a principle on corruption. More recently, TI launched 96 Advisory and Legal Assistance Centers (ALACs) in 60 countries to assist when people needing service do not know where to go or do not trust institutions. By December 2013 it had received 150,000 complaints. “The path to preventing corruption is the rule of law.”

**FUTURE EXPLORATIONS** “As long as people feel they are incapacitated to prevent corruption—if they must pay the bribe to get services like health and water—it will continue.” Transparency International wants to continue working through its chapters, social media, and other avenues to engage people directly in order to have a bigger impact.

## DOUG LANKLER

PFIZER



**PIONEER SPIRIT** Doug Lankler got started in compliance when he left the United States Attorney's Office for the Southern District of New York in 1999 and joined Warner-Lambert. He was attracted to the position because they wanted a former federal prosecutor to help with internal investigations in the wake of receiving a consent decree for manufacturing problems. "The program there was just getting started, and they were looking at all kinds of different internal issues, many of which became the 'bread-and-butter' of the compliance problems that most large organizations face."

**TRAILS BLAZED** After it was merged into Pfizer, Lanker was charged with creating the company's compliance division. The challenge was to create a function that would prevent noncompliance while also working in close partnership with the business at Pfizer, as opposed to being its obstacle. "It is a fantastic group of professionals who, I believe, are the absolute best at what they do."

**FUTURE EXPLORATIONS** Lankler believes that the future for compliance will be very interesting, as most advanced organizations have long been convinced of the value of effective programs that work to prevent noncompliance. "As the regulatory challenges increase, and multinationals continue to expand in challenging in emerging markets, it appears the role of the compliance professional will only continue to grow in importance."

## PAUL LIEBMAN

THE UNIVERSITY OF TEXAS



**PIONEER SPIRIT** Paul Liebman started as an environmental attorney for Exxon two months after the Valdez spill. After several years of litigating lawsuits around the country, he transferred to New Jersey where he did environmental compliance for Exxon's oldest refinery. "I was fortunate to be able to work on substantive compliance issues at a young age. Exxon encouraged us to try new things and to not be afraid to fail. That experience was priceless."

**TRAILS BLAZED** Liebman later worked for Koch Industries, where he eventually took on more general compliance work. "I am grateful to have learned and internalized Koch's Market Based Management (MBM) philosophy and Charles Koch's 10,000% rule—i.e., 100% compliance by 100% of employees—which showed me that understanding risk, and acting legally and ethically, was a catalyst for profitability. Any success I've had is due to my reliance on the MBM philosophy regarding risk and compliance."

**FUTURE EXPLORATIONS** Liebman notes that we are in the third wave of compliance practitioners. "We are almost 15 years removed from Enron and much progress has been made. We don't have to advocate for our own existence. We have a seat at the table and are considered strategic partners in the quest to achieve organizational objectives through principled performance. At The University of Texas at Austin, our leaders 'get it' and know that acting legally and ethically is not only the right thing to do but also produces a tangible return on investment. My job is to help show them how."



## LORETTA E. LYNCH

U.S. ATTORNEY FOR THE EASTERN DISTRICT OF NEW YORK



**PIONEER SPIRIT** During her first stint as U.S. Attorney in the early 1990s, Loretta Lynch saw that white-collar cases were usually due to a fundamental failure of compliance. In private practice, she focused on white-collar work, specifically compliance and FCPA. “Companies often respond to different pressure points than what the government puts on them, such as a market reaction or the quarterly report.” She returned as U.S. Attorney for the Eastern District of New York in 2010.

**TRAILS BLAZED** One of the first big cases during her second stint involved timekeeping fraud in the construction industry. “While the individuals who perpetrated the fraud were prosecuted, the company had a corporate compliance program and they reacted.” They negotiated a Deferred Prosecution Agreement, which includes an admission of wrongdoing in open court. “This case showed others in the industry that they could mitigate punishment if they cleaned up.” In 2012, Lynch agreed to a publicized non-prosecution agreement following an FCPA investigation into Morgan Stanley. “They had gold-standard corporate compliance, but they had a determined employee who worked to circumvent the program. They also self-reported and fired the employee.” This is believed to be the first time a charging decision was announced based on a strong compliance program.

**FUTURE EXPLORATIONS** Lynch expects to see more robust investigations and programs. “Companies are taking investigations and compliance seriously.” It is her hope to see more of the gold-standard programs that she says have worked so well in the past. “These programs help the government understand whether the company is really trying hard to make good governance real and sustainable. If so, we’ll sit down and work with you.”

## SUSAN GOETZ MARKEL

ALIXPARTNERS



**PIONEER SPIRIT** Susan Markel began her career as an auditor and later shifted to litigation support. She joined the SEC’s Division of Enforcement in 1994, and was named its Chief Accountant in 2003. Since leaving the government, she has led corporate investigations, often on behalf of audit committees, corporate officers, or in defense of a regulatory review.

**TRAILS BLAZED** At the SEC, Markel had a bird’s-eye view of financial reporting during the dotcom era, Enron, and financial crisis. She reviewed possible financial reporting “misconduct cases and helped determine whether the Commission should take action.” “My 15 years with the SEC’s Enforcement Division allows me to help clients see accounting and investigation issues through the lens that the SEC may view them.” That perspective is also critical when an investigation begins in one area but changes in scope once documents and data are analyzed. Markel says she is honored to have been involved in enforcing and protecting the integrity of markets during her tenure. “To work alongside such a high caliber of professionals, many of whom remain colleagues and are now leaders at Washington firms is especially meaningful.” Throughout her career, Markel has championed women’s issues to further the advancement and development of women.

**FUTURE EXPLORATIONS** Markel expects regulations such as the FCPA to remain on the forefront, along with greater focus on the importance of internal controls. She anticipates regulators keeping a watchful eye on corporate boards, audit committees, and compliance officers, to ensure they provide sufficient oversight of business practices and take appropriate action if an issue arises.

## JAY G. MARTIN

BAKER HUGHES



**PIONEER SPIRIT** In 1991, Jay Hughes was working as Assistant General Counsel at Mobil Oil Corp. and doing a lot of international trade work, including in the FCPA/anti-corruption area, as well as work in export controls, export sanctions, Arab boycott and privacy law. These areas that eventually morphed into broader corporate governance. He left Mobil to focus on corporate governance in private practice and in 2004 was hired full-time by one of his clients, Baker Hughes as Vice President, Chief Compliance Officer and Senior Deputy General Counsel.

**TRAILS BLAZED** At the time, Baker Hughes had the beginnings of a compliance program, but was under investigation by the DOJ and SEC for alleged FCPA violations. He built the program up to the satisfaction of regulators and included some novel innovations that continue to be recognized as cutting-edge. "We have integrated the programs and processes for ethics and compliance into the overall company to make sure that every employees and managers own the compliance function. It's not just compliance people in the corner doing training now and then." Other innovations include the auditing of third-party commercial agents; a consistent due diligence certification system for third parties with a robust tracking database; and specialized FCPA audits by country or region.

**FUTURE EXPLORATIONS** Martin says that we are seeing a worldwide proliferation of anti-corruption laws and other types of compliance provisions. "It's more important than ever to maintain reliable and stable compliance systems. The only way is to use technology to the fullest extent and have all the components in place."

## SEAN MCKESSY

SECURITIES AND EXCHANGE COMMISSION



**PIONEER SPIRIT** Sean McKessy was at a D.C. law firm when he decided that he wanted to get involved with public service. The SEC was looking for litigators and he joined as a staff attorney in the enforcement division for three years. From there, he went in-house at Caterpillar as Securities Counsel and then to Altria as Corporate Secretary. "Coming from the SEC, I was keyed into making sure the public companies I worked for had the proper controls in place to be transparent." In 2011 he went back to the SEC to open its Office of the Whistleblower.

**TRAILS BLAZED** For McKessy, "the opportunity to start something from scratch was too tempting to pass up." He leveraged his experience in building policies and procedures from scratch to grow what is now a very strong program. "One of the things that had been clear, in hindsight, was that there had been many people who knew something was going on but didn't come forward." Ultimately, the decision was made that if the natural incentives, such as the good of the company and personal pride were not working, perhaps a financial reward, backed up by confidentiality and anti-retaliation protections would. Since its launch the office has paid more than \$15 million to six different individuals in four cases.

**FUTURE EXPLORATIONS** McKessy expects his office will be making more frequent payouts. Also, he points out that the SEC, for the first time, has the ability to enforce retaliation provisions. "At some point there will be equal attention paid to employers doing the right thing when their employees come forward."

## PAUL J. McNULTY

BAKER & MCKENZIE



**PIONEER SPIRIT** Paul McNulty has spent virtually his whole career in law enforcement and criminal policy, starting with a job on the House Ethics Committee as a 25-year-old lawyer. He eventually landed at the Department of Justice and was picked to run the transition between the Clinton DOJ and the George W. Bush DOJ. From there he became U.S. Attorney for Eastern Virginia, which “shifted my focus from policy and lawmaking to prosecution and enforcement.”

**TRAILS BLAZED** McNulty was confirmed as U.S. Attorney three days after 9/11, and he spent much of his five years there prosecuting cases related to the attacks. In 2006, he became Deputy Attorney General and published the “McNulty Memo,” a revision of the 2003 “Thomson Memo” outlining the principles that prosecutors should consider when deciding whether to charge a company. Specifically, the memo required prosecutors to obtain written approval from the Deputy Attorney General before seeing privileged information or attorney work product. “The memo is part of a string of work on the same subject and it’s really important to clients. It’s opened doors to allow compliance work to be more successful.” Since leaving the DOJ for Baker & McKenzie in 2007, McNulty has built a practice that focuses as much on prevention as response. “I now spend as much time in risk assessments as investigations.”

**FUTURE EXPLORATIONS** McNulty thinks that governance and risk management will become increasingly important to boards and c-suites. “In the past, top executives viewed the legal team as managing legal risks. But now, they are getting asked big and detailed questions around compliance and ethics as those issues become more important to boards. There is a lot more interest in prevention than their used to be.”

## ROBERT J. MIROMONTI

CENTENE CORPORATION



**PIONEER SPIRIT** Bob Miromonti started in process improvement for a large health system, where he worked on a special project to implement HIPAA. That got him interested in compliance. “Compliance and quality improvement have a lot in common.” He moved to Centene, then just a \$500 million company, to manage the company’s privacy program and ultimately became Vice President of Ethics and Compliance, where he built the program from a simple code of conduct to something much more robust.

**TRAILS BLAZED** Centene is now a \$10 billion company. With the support of the company’s CEO and Board of Directors, “we implemented a compliance risk management process that tracked risk across all subsidiaries.” Miromonti and his team’s goal was to implement proactive measures to detect risk and bring it management’s attention before auditors, regulators, or state agencies did. Along the way, Miromonti implemented a system for managing the compliance program. “We took it from spreadsheets to a tool that’s designed for GRC management.”

**FUTURE EXPLORATIONS** Miromonti believes that middle management must better understand how compliance integrates with day-to-day operations. “Everyone needs to understand how their actions impact the organization’s compliance requirements.” Since the majority of compliance issues are raised to an employee’s direct manager, “the tone in the middle may be as important as the tone at the top. Companies must make it acceptable to raise compliance issues without fear of retaliation so they can be proactive in solving problems.”

## SCOTT L. MITCHELL AND CAROLE STERN SWITZER

OCEG

**PIONEER SPIRIT** Scott Mitchell was an angel investor in the early 2000s, and some of his portfolio companies had issues similar to Enron and Worldcom. "It was a much smaller scale, but not to me," says Mitchell. One of the companies was a pharmaceutical company working on a treatment for Alzheimer's. "I kept asking myself, 'What if the world was denied that because of this?'" He went looking for frameworks that smaller companies could adopt, and found people willing to share but no forum. One of those people was Carole Switzer, who soon joined OCEG as General Counsel to help create a framework for management operations of compliance systems.

**TRAILS BLAZED** Mitchell and Switzer quickly realized that, no matter the practice area, most of the elements of an effective compliance programs are the same. They put out a call to about 50 people from various consulting firms, academic institutions, in-house compliance and risk departments and formed the first steering committee for what eventually became OCEG's Red Book. "As we were developing the first version, we began to think about what compliance really means in terms of risk," says Switzer. "If you understand risk and have a strong compliance program, you can take more risks, you can be more competitive and you can protect your reputation at the same time."

**FUTURE EXPLORATIONS** Mitchell and Switzer say risk and compliance are now perceived fundamental issues for businesspeople on the front lines and OCEG will continue to be a hub for collaboration on integrated solutions. "We are also starting to see a huge influx of people who are starting their careers in risk management," says Mitchell. "That means that OCEG must communicate more effectively to those without a legal, audit or compliance background."



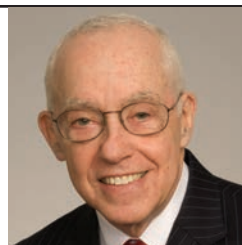
## MICHAEL B. MUKASEY

DEBEVOISE & PLIMPTON

**PIONEER SPIRIT** Early in his career, Michael Mukasey was an Assistant U.S. Attorney for the Southern District of New York, eventually rising to become the office's Chief of the Official Corruption Unit. In 1987, he was named a federal district judge and in 2008, he became Attorney General of the United States. "When I was a prosecutor, we hardly ever prosecuted corporations. Now the thinking is distinctly different." Since 2009, Mukasey has been a partner at Debevoise & Plimpton, focusing his practice primarily on internal investigations, independent board reviews and corporate governance.

**TRAILS BLAZED** As a federal judge, Mukasey heard cases prosecuting corporate crimes on Wall Street and elsewhere and as Attorney General he tried to issue guidelines on how prosecute those, including the "Filip Memorandum," which contained the standards for government investigations and the demands that the government can make and offer. More recently, he's been working with the U.S. Chamber of Commerce in attempts to get the DOJ and SEC to be clearer about its guidelines, as it they were in their recent Resource Guide publication. Mukasey says that he'd also like to see the value of a compliance program written into the statute as a defense, rather than just as a consideration in sentencing, as it is now. "This would help the government to ensure compliance, rather than just brining cases."

**FUTURE EXPLORATIONS** According to Mukasey, the current trend towards prosecution of corporations is already getting pushback from corporations and people, who realize that "prosecuting corporations means punishing stockholders and employees. We may find the pendulum swing back a little bit."



## JOSEPH E. MURPHY

JOSEPH E. MURPHY, P.C.



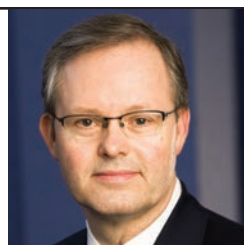
**PIONEER SPIRIT** For almost 40 years, Joe Murphy has focused on how to prevent and detect misconduct within organizations, starting in 1976 when he was in-house counsel at Bell of Pennsylvania, focusing on antitrust and antitrust compliance. As he was doing training sessions on antitrust, as well as some on environmental and FCPA, he started to notice that compliance activities had a lot in common that could be leveraged. "You are by nature outnumbered when you are doing that work. My objective was to find the people who do day-to-day training or investigations or audits and help make their jobs easier."

**TRAILS BLAZED** Murphy believes that the chief compliance officer must be strong enough to stand nose-to-nose with a CEO. "If something is legal, but against the company's code of conduct, the CCO must be in a position to stop it." Murphy is one of the driving forces behind the Society of Corporate Compliance and Ethics (SCCE), which provides peer support throughout the industry. He also co-founded Integrity Interactive, which "pushed the market towards a more realistic approach to compliance training by implementing a story-based approach."

**FUTURE EXPLORATIONS** The growth of compliance and ethics is inevitable because of the growth of large organizations, which Murphy says can cause real harm. "The government only comes in after the harm is done. The only way to prevent it is from inside." He sees resistance, however, from within the legal community and from the government. "These barriers are normal when you have something new. We need to keep our focus on what's important."

## CHARLES D. NIEMEIER

WILLIAMS & CONNOLLY



**PIONEER SPIRIT** When Niemeier joined the SEC as Co-Chair of the Financial Fraud Task Force in 2000, "a lot of people didn't believe there really was a problem. It's easy to forget that before it imploded, governance experts even gave Enron's compliance program a grade of A+." Niemeier wound up investigating some of the most massive financial frauds in history.

**TRAILS BLAZED** At the SEC, Niemeier was involved in implementing some of key new provisions, including the formation of the Public Company Accounting Oversight Board (PCOAB) and the implementation of internal control provisions—the foundation for current corporate compliance programs. "The 'paper programs' of the previous era did not connect to live transactions in a way that prevented a problem. Once Sarbanes-Oxley was passed, it became clearer to companies that they needed to actually have robust internal controls. It's not enough to just say you have them." Niemeier served on PCOAB from its formation in 2003 until 2011 and was acting chairman in its earliest days.

**FUTURE EXPLORATIONS** Niemeier says that today's companies themselves recognize that compliance is an important area and have a much better understanding of what is a robust program. Compliance is considered a good use of resources in order to prevent a much more costly issue in the future. Companies are saying, "We'll still have problems, but we will learn from each one."

## WILLIAM P. OLSEN

GRANT THORNTON



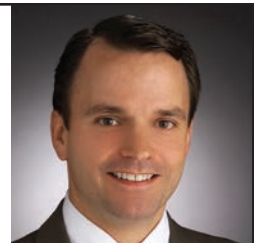
**PIONEER SPIRIT** After a stint as a global security manager for a Fortune 500 company, Bill Olsen started his career in public accounting at Arthur Andersen, so he was a perfect fit when the firm launched a fraud and investigations practice. In the early days, the practice focused on corporate investigations and whistle blowers before also including anti-corruption, anti-fraud and anti-money laundering. He moved from Andersen to Grant Thornton in 2002.

**TRAILS BLAZED** "I thought we'd be largely involved in the U.S., but the marketplace shifted quickly in the 1990s. American organizations were expanding globally and with opportunity comes risk." At Grant Thornton, as a leader the firm's Forensic, Investigation and Dispute Services, his engagements have included matters involving the False Claims Act, RICO, and Foreign Corrupt Practices Act. He has managed investigations all over the world, including in Russia, China, Brazil and India.

**FUTURE EXPLORATIONS** Olsen says that all indications are that the U.S. government will continue to be aggressive in enforcing laws related to corruption and fraud. "Also, more and more countries are enacting similar laws. So not only will continued enforcement come from U.S. regulators but there will be more cooperation between U.S. and overseas regulators in order to address global corruption." He also sees a very clear shift in the way government is enforcing these laws and a big opportunity to enact compliance programs. "Less time will be spent doing investigations and more will be spent implementing procedures and controls." He also says "the next big thing" will be cyber security. "Expect to see more regulations to address that risk soon."

## MICHAEL R. PACE

FTI CONSULTING



**PIONEER SPIRIT** Mike Pace joined the U.S. Attorney's Office in Chicago soon after law school, and ended up in the fraud and corruption unit before moving to Jenner & Block where he handled a number of high-profile white-collar cases and internal investigations. In 1996 he launched the Chicago office of a major New York-based investigations firm. "The firm had a multi-disciplinary approach and that was a formative step for me." In 2005 he joined FTI and is global practice leader for the firm's Global Risk and Investigations Practice.

**TRAILS BLAZED** Under the leadership of Pace and co-practice leader Allen Applbaum, FTI's practice has grown from scratch to more than 375 people in 30 offices worldwide. For the past five years, he has focused much of his own practice on China, where the Chinese government is now starting to commence fraud investigations on its own. He has been involved in some of the most prominent investigations of companies in China, some of which have morphed into an analysis of business controls and processes. "We try to understand not only what happened but why. Where were the breakdowns or procedures that were not implemented? We not only help a company respond, but also advise on what to do to remediate the risk and ensure it never happens again."

**FUTURE EXPLORATIONS** Given the multijurisdictional nature of these situations, Pace expects to see more collaboration and coordination by regulators across countries, as well as more compliance work related to violations of local laws, even in some emerging markets and high-risk jurisdictions. From a compliance perspective, companies will be demanding more technology-infused compliance solutions to help automate the process and provide better results.



## MARK W. OLSON

TRELIANT RISK ADVISORS



**PIONEER SPIRIT** Mark Olson's background is in the banking industry and also on Capitol Hill, so he has been at the confluence of financial services and public policy for 45 years. Governance issues became a significant focus in 1991 and 1992, when there was a spate of banking and thrift failures and regulators were requiring management reviews. Olson, then at Ernst & Young, was hired to handle many of them, focusing on the board's oversight over management.

**TRAILS BLAZED** In 2001, Olson was appointed to the Board of Governors of the Federal Reserve, where he focused on the roles of management and the board at both public and private companies. In 2006, he was tapped to become chair of the Public Company Accounting Oversight Board (PCAOB), where a major focus was on governance issues. He chaired PCAOB "to establish a higher level of accountability for the accounting industry." In 2009, Olson was invited to help build the regulatory consulting firm Treliaant Risk Advisors. "I had established Ernst & Young's regulatory consulting practice in 1993 and now I again have the opportunity to be involved in what I helped define and build—governance, risk management, and public policy.

**FUTURE EXPLORATIONS** Olson believes that we will continue to see Corporate America and financial reporting held to a higher standard. "The future will depend on where we see the greatest call to action. But there won't be a retreat from the relatively high level of governance we are at now." Olson also believes that as a bigger share of the population gets involved in equity ownership, there is and should be higher expectations.

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## SCOTT R. PACZOSA

NAVIGANT CONSULTING



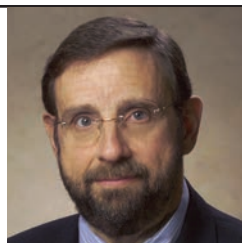
**PIONEER SPIRIT** After a series of stints at other consulting firms, Paczosa joined Navigant in 2007. Throughout his career, he realized that the best clients are those who “are interested in identifying risk and developing solutions early on to manage or mitigate risk.”

**TRAILS BLAZED** As Global Leader of Strategic Initiatives, Paczosa focuses on identifying emerging risks and developing strategic solutions for Navigant’s clients, often partnering with law firms that also serve them. His team searches for issues that are likely to “ripple” and have a big impact. They track multiple and varied data sources for impacting issues—credit crisis, white collar, false claims act, antitrust, securities, data breach and more—on a bi-weekly basis, then crunch the data to understand where the issues are and where the risks will be. “A lot of law firms are simply looking at the litigation filings.” Paczosa’s new book, *Selling Professional and Financial Services*, is all about identifying new risks early on in order to serve clients better.

**FUTURE EXPLORATIONS** Paczosa sees even more change coming. “Since Sarbanes-Oxley and the more recent economic turmoil, the in-house community has ramped up hiring and sophistication and are demanding more. There is more pressure for firms to do more with less, to be more creative, to do more proactive thinking.” He expects that some creative firms will step up and provide unique value and reap the benefits. “Clients are saying, ‘Don’t tell me about your firm. Tell me about issues I need to know.’”

## HARVEY L. PITT

KALORAMA PARTNERS



**PIONEER SPIRIT** Harvey Pitt was named General Counsel of the SEC at age 30, spurred by an interest in how companies govern themselves, and found himself opining on whether the SEC can require independent audit committees along with other issues related to the agency’s scope. In 1978 he left for a career in private practice, focusing on mergers and acquisitions and compliance and in 2001 he went back to the SEC as Chairman, eager to promote corporate governance and the value to businesses of thinking ahead. Pitt is now CEO of Kalorama Partners, which does “strategic planning for businesses that want to do better.”

**TRAILS BLAZED** Pitt is a big believer that companies should be on the lookout for their own issues. In private practice, this translates to helping companies that to prepare for next crisis. At the SEC, Pitt led major initiatives to give credit to companies that find problems before the government does. “Businesses should not sit back and wait for the government to tell them if they are doing anything wrong, why it’s wrong and how it should be fixed. They must be proactive.”

**FUTURE EXPLORATIONS** Pitt believes we are seeing an effort by regulators to demonstrate how tough they are. “There is a lot of animus confronting businesses; it’s how people get elected.” Pitt sees a critical need to pay even more attention to the GRC function “It really has to be part of the organization’s DNA, not just something that gets trotted out when there’s an emergency.”

## RONALD E. PLESCO, JR.

KPMG



**PIONEER SPIRIT** As a prosecutor in Pennsylvania, Ron Plesco handled some early computer crime cases, which led to a job as Director of Public Safety Policy in Governor Tom Ridge's administration. There he wrote regulations around Megan's Law, DNA databases, gun check systems and the state's Amber Alert plans. Plesco then followed Governor Ridge to the Department of Homeland Security where he helped develop the National Cyber Security Division and United States Computer Emergency Readiness Team (USCERT). He has been National Lead, Cyber Investigations, Intelligence & Analytics at KPMG since 2012. "My passions have been law, technology, national security, and criminal threats. And reacting to them in real time."

**TRAILS BLAZED** In addition to his pioneering work in state and federal law enforcement, Plesco founded the National Cyber-Forensics & Training Alliance (NCFTA) to identify, mitigate and neutralize cyber crime and function and act as a conduit between private industry and law enforcement. It works with about 2000 companies nationwide, which share intelligence with each other related to threat actors, nations, "hacktivists" and terrorists are targeting different sectors. "We are then able to share this information—sometimes anonymously—with the law enforcement community in and outside the U.S."

**FUTURE EXPLORATIONS** Plesco came to KPMG to build a practice around cyber intelligence and analytics. "You can expect to see more highly sophisticated attacks on corporations and individuals." Plesco believes that targets increasingly will be law firms and other vendors to corporations. "Also, we are seeing movement away from disruptive attacks and toward destructive ones."

## LAWRENCE E. RITCHIE

OSLER, HOSKIN & HARCOURT



**PIONEER SPIRIT** As a litigator, much of Larry Ritchie's practice focused on complex governance issues and related litigation "After Worldcom and Enron, market regulatory enforcement became a bigger thing, if only as a defense against exposure in the future." Ritchie then became Vice Chair of the Ontario Securities Commission in 2007, serving both policy-making and adjudicative roles. As a securities regulator during the most severe market meltdown in recent memory, he worked with governments to reform the regulatory structure and regime.

**TRAILS BLAZED** The job at the OSC provided insight into how important it is for companies and their leaders and directors to be seen as good corporate citizens, especially when facing circumstances that had spiraled into crisis. Ritchie saw "first-hand how important it is to have procedures that allow businesses to evolve and change market positions and make regulatory changes in a positive way." After seven years in the public sector, he wanted to offer clients legal services that would build on his experience as a capital markets regulator and as someone who witnessed such dynamic changes in the regulatory and business environment. "At Osler, we are building a practice that emphasized a multi-disciplinary approach to risk management and crisis response."

**FUTURE EXPLORATIONS** Ritchie believes that governance, regulatory response, litigation and risk are all connected, as any one can have far-reaching impacts on the others. "As businesses face a more complex regulatory business environment, the need to identify, monitor and manage risks across disciplines will become more complex and difficult. Meeting clients' complex risk management needs will be amongst the highest value services that outside counsel can provide."

## SCOTT RONEY

COMPLIANCE SYSTEMS LEGAL GROUP



**PIONEER SPIRIT** Scott Roney started as an in-house counsel at Archer Daniels Midland in the wake of original Organizational Sentencing Guidelines in the 1990s. He was asked to evaluate the guidelines and worked with the company's compliance officer to create a program. In 2001, he became ADM's Vice President and Chief Compliance Officer and eventually ended up chairing the company's Enterprise Risk Management committee. "Not long after I started working on compliance at ADM, the first big problem arose—the Lysine antitrust case. That gave the program a higher significance and greater focus."

**TRAILS BLAZED** ADM's program was initially focused on management in North America. "We expanded the program to all employees, worldwide." Under Roney's leadership as Chief Compliance Officer, the company consolidated several key risk areas, such as employment, commercial compliance (e.g. antitrust) and operational compliance issues, such as food safety. "One of the big areas of focus during my tenure was personal and process safety. We brought a level of attention and resources and creative thinking to reduce incidents and have a big impact." In 2013 Roney left for CSLG, a boutique law firm that focuses on compliance and ethics programs and risk governance issues.

**FUTURE EXPLORATIONS** Roney notes that the trend is to think about compliance as a mechanical process, but the key is "to maintain the broader connection between compliance with governance risk and ethics." He expects better integration of these internal governance issues. "The role will continue to trend towards a C-level position, with functional linkage to other groups that manage risk throughout the organization."

## HOWARD A. SCHECK

KPMG



**PIONEER SPIRIT** Howard Scheck began his career as an auditor with a Big 8 firm, then went to law school with the idea of practicing securities or tax law. During law school he interned with the SEC Division of Enforcement, who leveraged his accounting background and eventually offered him a full-time job. Scheck was eventually promoted to Branch Chief before leaving in 2005 to do forensic work, assisting counsel with financial reporting investigations. In 2010, he went back to the SEC as the Enforcement Chief Accountant. "In this job, I oversaw all the accounting and auditing related investigations being conducted by Division's accountants."

**TRAILS BLAZED** As Chief Accountant, Scheck provided input into all the accounting and auditing cases across the division. "I got involved in policy, worked directly with senior officers and was able to influence many different cases." He initiated a risk-based investigation into China-based reverse merger companies. "We had a lot of success identifying fraudulent companies and number of enforcement actions have been filed." He also worked on the first FCPA investigation in which a company was charged with using charitable contributions to violate the Act and on one of the first accounting cases charging a public company with causing another public company's fraud.

**FUTURE EXPLORATIONS** Scheck believes that the SEC will continue to get more proactive and will continue to use risk-based investigations to uncover fraud. "The risks are still out there for public companies." He also cites recent SEC payouts to whistleblowers and increased tips as a result.

## ROY SNELL

### SOCIETY OF CORPORATE COMPLIANCE AND ETHICS



**PIONEER SPIRIT** Roy Snell was a Compliance Officer at the University of Wisconsin in 1996 when he felt a need for networking in the young profession. He and a few others called a one-day meeting in Minneapolis and that night drafted a mission statement and started the Health Care Compliance Association. "Shortly after being asked to become the CEO we started the Society of Corporate Compliance and Ethics." Combined, the two organizations now have 13,500 members and run 70 conferences in the U.S. as well as in London, Brussels, Sao Paulo, Shanghai, Dubai and Vancouver. "It's been an interesting ride."

**TRAILS BLAZED** The profession now has a voice and we can define the role of the compliance officer and the function of a compliance program. We have created a compliance certification program and there are 7,000 compliance professionals that currently hold one of our credentials. "Adding definition and clarity to this new profession was an important accomplishment, and one that I am especially proud of."

**FUTURE EXPLORATIONS** Snell expects the chief compliance officer to be a c-suite level position reporting to the CEO and the audit committee. "Compliance programs will become robust and cover all risk areas. They will be adopted in all industries in all developed countries." Snell cites an April 2014 survey by CFO Magazine, which shows that compliance will be seen as an asset to the organization. "Compliance programs will be used to develop an ethical culture, attract and retain great people, secure great partnerships, and prevent costly PR disasters."

## GUNJAN SINHA

### METRICSTEAM



**PIONEER SPIRIT** Gunjan Sinha was a Silicon Valley entrepreneur when the events of September 11 convinced him that the risk in the world had changed. He has built MetricStream to help companies solve risk and compliance issues and in 2008, the company launched its monitoring applications to help them see threats earlier. "The investment bank collapses preceding the financial crisis was the 'black swan' event that catapulted us as general counsel and corporate officers became more concerned about how to handle GRC at an enterprise level."

**TRAILS BLAZED** Sinha believes that technology can help companies reduce risk and remain compliant. "When we launched, people were mostly trying to solve GRC challenges with advisory and consulting services. But finding the problem or risk or noncompliant issue should be proactively addressed and remediated." Sinha believes that finding and correlating information is the key to minimizing risk. "If you stream the key metrics from different systems (such as email and human resources databases) and cross-correlate, you can bring focus and detect potential risk areas."

**FUTURE EXPLORATIONS** Sinha says that that GRC is becoming a pervasive phenomenon. Instead of companies relying on compliance and risk functions to do all the work, in the next few years "each and every employee, vendor and partner will all participate on the GRC journey in order to find risks earlier. That's the theory of risk: the earlier you identify it, the better you can manage it."





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## BILLY SPEARS

HYUNDAI CAPITAL AMERICA



**PIONEER SPIRIT** Throughout his career as a compliance, data governance, and privacy officer, Billy Spears has learned that he loves finding out where the risk is and mitigating it. “My approach to improving a companies’ risk position has gone from a qualitative model to a metrics-driven quantitative approach.”

**TRAILS BLAZED** At Hyundai, Spears has added a quantitative element to the normal, qualitative risk assessment mostly by adding weighted risk scoring as well as adding variables to make the statistical model more consistent. “When it all comes out, we are able to better compare the results to best-practice indicators and, by factoring those in together, we can make better decisions for future quarters and years. Such a data-based approach also makes senior management more comfortable “because they can see the results. Now they understand the data and why they are investing resources.”

**FUTURE EXPLORATIONS** As Spears shares more of what his team has accomplished, he expects their approach to gravitate towards other programs. “Through the support of our executive management team, we’ve added fewer people and resources, per team, to our compliance program. Using this approach we have been able to consistently increase our production by driving efficiency. The key is the metrics based decision model because it’s fact driven and affords understanding.” Spears says that Hyundai will continue using data to focus on the right things and he expects the marketplace at large to follow.

## WINTHROP M. SWENSON

COMPLIANCE SYSTEMS LEGAL GROUP



**PIONEER SPIRIT** Win Swenson’s interest in compliance began in law school, where he wrote a law review article (that wasn’t published) probing ways to punish corporate crime. He was working on Capitol Hill when the Federal Sentencing Commission asked him to sit on a small committee of private attorneys to study the sentencing guidelines for organizations. The group recommended having a compliance and ethics program, “which was a barely known concept at the time except in the defense industry,” as well as voluntary disclosure and cooperation. “The idea was to strengthen the hand of the people in-house (who are now compliance officers) so they could talk back to the money centers and get resources.”

**TRAILS BLAZED** As Deputy General Counsel at the U.S. Sentencing Commission, Swenson went on the road to explain the new guidelines to companies. In 2000, Swenson launched Compliance Systems Legal Group, which provides health checks and prophylactic compliance work, and has served as a monitor for some for some high profile companies.

**FUTURE EXPLORATIONS** Swenson says that the rise of the industry has pretty shocking, which was the idea. “The impact has been far greater than we even thought it could be.” Looking forward, he is hopeful that government agencies will continue to get on the same page. “The recent FCPA Guide is a good step.” He also suggests remaining alert to prevent backsliding. “The battle hasn’t been won, but there are some companies that completely impress me, who take it very seriously. It’s still a mixed picture.”

## JOSEPH A. TARANTINO

PROTIVITI



**PIONEER SPIRIT** Joe Tarantino began his career as an auditor at Arthur Andersen 30 years ago. After a few years, he transferred to the advisory part of the business, where he focused on helping to build the firm's Risk Consulting and Internal Audit practice to focus on risk management, internal controls, ethics and culture, forensics and investigations. This practice became Protiviti's core business when it launched in 2002.

**TRAILS BLAZED** Tarantino was one of five original managing directors that formed the operating committee to set strategy and manage the firm and led its Global Industry Program. "Most of our clients want to know that the people they consult have familiarity with their industry," Protiviti's thought leadership program has helped to spur its growth. "Our clients recognize us for providing unfettered access to practical publications that help them implement solutions." Tarantino became CEO in 2007. "We have received myriad third-party accolades for the quality of our work, the expertise and leadership of our consultants and the environment we have created by being recognized as a 'best place to work' in several of our markets."

**FUTURE EXPLORATIONS** Tarantino sees clients becoming more sophisticated, demanding more from their consultants and bringing in more capabilities to help them manage risk, oversee internal controls and advise around corporate governance at an enterprise level, aided by major changes in technology. "The GRC platforms being developed now are part of enterprise risk planning systems. What used to be a detached process is now embedded in mainstream systems."

## LARRY THOMSON

PEPSICO



**PIONEER SPIRIT** Larry Thomson's interest in governance and compliance started in law school, where he studied the intersection of corporate law and why and how corporations could be criminally responsible. Later, as a federal prosecutor and young lawyer in private practice, he started to deal directly with issues of corporate criminal liability. From 2001-2003 he was Deputy Attorney General of the United States and since 2004 has been Senior Vice President of Government Affairs, General Counsel, and Secretary at PepsiCo.

**TRAILS BLAZED** Thomson says that some of his early clients had compliance programs that were really just brochures and books, but in those instances it became very clear that the program would fail. "You need an emphasis on ethics. Some believe you can't teach ethics, but you can certainly set a tone at the top of the organization." Thomson is perhaps best known for issuing the "Thomson Memorandum" while serving as Deputy Attorney General, which set mandatory guidelines for prosecutors in the field on when they should consider charging organizations with crimes. At PepsiCo, he has worked to integrate public policy into the law practice on a globally basis. "We spend a great deal of effort making sure that our 280,000+ employees understand the ethical tone at top of company."

**FUTURE EXPLORATIONS** Thomson believes ethics and associated risk mitigation will be an increasingly important part of every organization. "One of the things on the horizon is how to measure compliance and ethics in terms of how we pay employees. A lot of companies are looking at this. It will become more precise and more widespread."



## CHRISTINE VARNEY

CRAVATH, SWAINE & MOORE



**PIONEER SPIRIT** As the oldest of six kids, Christine Varney has early memories of going with her mother to different butcher shops in order buy beef, lamb and other meats at the shop with the lowest price for each. "I learned the benefits of competition early on. I guess think I always understood antitrust in an intuitive way." She later was involved in community development for the farm workers of California. "I've always been involved in the intersection of public policy and politics. Law was part of the evolution between the two."

**TRAILS BLAZED** Varney was the first woman to be general counsel for the Democratic National Committee and the first woman to be general counsel to a presidential campaign. In 1994 she was appointed as one of the youngest Federal Trade Commissioners in history. From 2009 through 2011, Varney served as Assistant Attorney General and headed the Justice Department's Antitrust Division and is the only person to have served as both the U.S. Assistant Attorney General for Antitrust and as a Commissioner of the FTC.

**FUTURE EXPLORATIONS** Varney says that "the world is getting flat" and there will be more and more mergers with a global dimensions. She believes that a "unified theory of antitrust," with regulators worldwide on the same page, will happen eventually. In the meantime, companies must understand the difference between antitrust regimes in China, Europe, South America, Japan and the U.S. "Some regimes are brand new. Ours is quite old. Some countries are coming from open markets, some from closed and some just recently opened. Different economic and political factors have an enormous influence."

## DAN K. WEBB

WINSTON & STRAWN



**PIONEER SPIRIT** Dan Webb agreed with his high school guidance counselor, who suggested he become a trial lawyer because he was good at debate. In fact, after law school would only accept a job as a trial lawyer, specifically as a federal prosecutor with the U.S. Attorney's office in Chicago. After a five year stint as an Assistant U.S. Attorney—including a high profile prosecution of 23 Chicago police officers for extortion and bribery—Webb set up his own firm doing white-collar criminal work before returning to government as U.S. Attorney.

**TRAILS BLAZED** Even as U.S. Attorney, Webb personally tried a lot of the larger cases in corruption and financial fraud. "Over my 4-year term, I spent more time trying cases than administrating." After moving to Winston & Strawn in 1985, Webb tried more high-profile cases, including a number of FCPA cases and "some that were not made public because the SEC declined to prosecute." Webb also managed a number of high-profile investigations including one of the New York Stock Exchange related to the compensation of former Chairman & CEO Richard A. Grasso.

**FUTURE EXPLORATIONS** Webb has almost 45 years experience in litigation, governance, compliance and enforcement and he currently has his eyes set on the SEC. "Mary Jo White has signaled a change in policy to no longer allow companies to settle with SEC without admission of wrongdoing. But there is a lot of collateral damage if you make companies admit wrongdoing, and they may choose to go to trial. How that plays itself out is being watched very carefully right now."

## POALA ZENI

SYMANTEC



**PIONEER SPIRIT** Paola Zeni became a full-time privacy attorney at Agilent Technologies in 2004, providing advice in support of the company's privacy program. "When I came to Symantec, even though I was hired as counsel, I brought much of what I had learned about managing a privacy program and took on the overall responsibility, which includes policy, guidelines, training, finding and applying metrics and developing best practices." Zeni now also manages Symantec's Ethics and Compliance Program. "Lawyers like to advise and move on, but by managing a program I can feel the excitement of driving change."

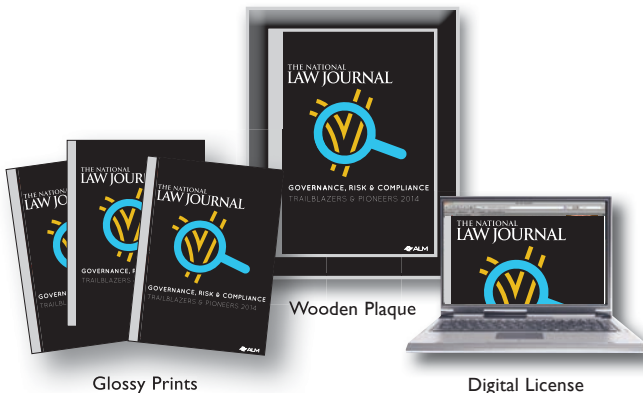
**TRAILS BLAZED** Zeni asked executives to nominate privacy champions throughout the organization because "privacy is a business practice and it's everyone's business." And she has expanded Symantec's Ethics and Compliance Steering Committee to include stakeholders in all geographies. "You lead the program with the mindset of helping employees do the right thing with through accountability, simplicity, monitoring and enforcement. You succeed by integrating into the existing process."

**FUTURE EXPLORATIONS** Zeni believes that privacy is heavily impacted by technology and is going to be even an even bigger concern. "Data is becoming central to every business model." She believes privacy must become more pervasive in new areas: for example new devices, like smart refrigerators. "We need to turn privacy into part of everything we do so our customers are comfortable doing business with us."

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