



Friday, May 23
8:30 am–10:00 am

700 In-house Counsel Perspective: Managing a Compliance and Ethic Program in a Global Environment

Haydee Olinger
Vice President, Global Compliance Officer
McDonald's Corporation

Faculty Biography

Haydee Olinger

Haydee Olinger is vice president - global compliance officer at McDonald's Corporation where she is responsible for overseeing the company's global compliance and privacy efforts. Under her leadership, McDonald's has built upon its strong ethical culture and has enhanced its compliance efforts worldwide.

Ms. Olinger started her career by being responsible for new restaurant development in three regional offices and Puerto Rico. As a staff director, she was responsible for asset management for all of McDonald's U.S. regional markets. She then became home office director in the international legal department where she provided leadership and strategic direction in the delivery of legal services. She was instrumental in McDonald's entry into and development of Bolivia, Colombia, Ecuador, and Guadeloupe, among others. She also provided legal advice and participated in the development of McDonald's strategies for growth in Latin America. Ms. Olinger then became the division general counsel for the former Great Lakes division of McDonald's Corporation.

Ms. Olinger has served as a board member on the McDonald's Hispanic leadership committee and served as the treasurer for the board of the directors of the National Hispana Leadership Institute in Washington, DC. She also serves on the Northern Illinois University College of Business Board of Executive Advisors. Ms. Olinger is a member of the ABA.

She received a B.S. from DePaul University College of Commerce and her law degree from DePaul University College of Law. She is currently pursuing a master's degree from Duquesne University in Pittsburgh, Pennsylvania.

Why Compliance Programs Are Critical
Jeffrey Skilling Former CEO Enron

Why Compliance Programs Are Critical
Scott Sullivan Former CFO WorldCom

**Why Compliance Programs Are Critical
Lee Kun-hee Chairman of Samsung**

**Why Compliance Programs Are Critical
Martha Stewart**

What is a Compliance Program?

- Must Reflect the Company's Culture
- Ethical and Proper Way to do Business
- A Continuous Process
- Should be Designed to Prevent, Detect and Deter Non-compliance
- Should be Supported by Management at all Levels
- Should be Part of the Fabric of the Organization
- Encourage Reporting

What is a Compliance Program? Encouraged by Legal Developments

- U.S. Federal Sentencing Guidelines
- Sarbanes-Oxley
- Recent Case Law
- Regulatory Agencies
- SEC Regulations
- Stock Exchange Requirements

United States Federal Sentencing Guidelines

- Seven Elements of an Effective Compliance Program (U.S.S.G. § 8B2.2)
 - Establish Standards and Procedures to Prevent and Detect Criminal Conduct
 - Oversight for the Content and Operation of the Program by Highest Level of the Organization
 - The Organization Must Make Reasonable Efforts to Ensure that Personnel with Substantial Authority have not Engaged in Illegal Activities or Conducted Themselves in a Manner Inconsistent with the Compliance and Ethics Program.

United States Federal Sentencing Guidelines (Continued)

- Conduct Training Programs for all Levels of Employees and Directors
- The Organization must Periodically Evaluate the Effectiveness of the Compliance Program
- Incentives and Disciplinary Measures
- Conduct Periodic Risk Assessments and take Appropriate Steps to Design, Implement or modify Each Element of the Program to Reduce the Risk of Criminal or Inappropriate Behavior. Upon Detection of Criminal Conduct, the Organization must take Reasonable Steps to Respond Appropriately, as well as Prevent Further Criminal Conduct.

Sarbanes-Oxley Act of 2002 (“SOX”)

- SOX was Enacted After Significant Corporate Scandals
 - Enron’s Stock Price Fell from \$90 in August 2000 to 60¢ in December 2001
 - WorldCom Confessed to Overstating its Income by \$3.8 Billion in June 2002
- SOX was Signed into Law on July 30, 2002
- SOX was Strongly Influenced by Specific Events Leading to Enron’s Downfall

SARBANES-OXLEY

- This Law has Changed Corporate America and has Improved Corporate Accountability
- Publicly Traded Companies had to Develop Procedures for Accepting and Addressing Employee Complaints Regarding Questionable Accounting and Auditing Matters.
- The Act also Includes Expansive Federal Whistle-blower Protection for Employees of Publicly Traded Companies
 - Merck
- Sarbanes-Oxley Requires Adoption of Rules Governing Code of Conduct for Senior Financial Officers and Principle Executive Officers

Sarbanes – Oxley Also Includes

- Employee Codes of Conduct
- Anonymous Reporting Mechanisms
- Reporting of Waivers for Executive Officers of Code of Conduct
- Criminal Prosecution for Retaliation

NYSE LISTING REQUIREMENTS

- The NYSE Revised their Listing Standards in 2003 to Provide that all Listed Companies must:
 - Adopt and Disclose a Code of Ethics for Directors, Officers and Employees and Promptly Disclose Waivers of the Code for Directors and Executive Officers on the Corporate Web Site
 - Encourage Employees to Report Violations of Laws, Rules, Regulations or Code of Business Conduct

NYSE LISTING REQUIREMENTS

(Continued)

- Provide Procedures for the Audit Committee Relating to:
 - The Receipt, Retention and Treatment of Complaints Received by the Company; and
 - The Confidential Anonymous Submission by Employees of Concerns re:
 - Fraud
 - Accounting
 - Conflicts of Interest
 - Violations of Code of Conduct

NASDAQ Rule 4350

- Requires NASDAQ-listed Companies to Adopt a Code of Conduct Applicable to Directors, Officers and Employees
- Code must be Publicly Available
- Waivers of the Code for Directors and Executive Officers must be
 - Approved by the Board and
 - Disclosed on a Form 8-K within 5 days
 - http://www.nasdaq.com/about/SR-NASD_2002_139_Amendment_2.pdf

Who Should Have a Compliance Program?

- Publicly Traded Companies
- Private Corporations
- Not for Profit Organizations
- Government Agencies
- Schools

Compliance Programs What should they cover?

- Code of Conduct
- Accounting Books and Records
- Employment/Labor Laws
- Industry Specific Laws
- Federal Sentencing Guidelines
- Stock Market Listing Requirements
- Other Federal/State Laws
- International Laws
- Other Company Policies or Rules

Benefits of a Compliance Program

- Communicate an Organization's Commitment to Doing Business Appropriately and Ethically
- Reduce Government Imposed Programs
- Reduce Corporate Liability and Exposure to Civil Damages and Penalties
- Raise Awareness and Identify and Prevent Criminal and Unethical Conduct
- It's Good Business
- Impacts Public Image

The Most Important Function of a Compliance Program is to Seek to Prevent and Detect Criminal Conduct

- Components Include:
 - Policies and Procedures
 - High-level Personnel Responsible for Oversight of Program
 - Education
 - Steps to Communicate Expectations and Policies Effectively

The Most Important Function of a Compliance Program is to Seek to Prevent and Detect Criminal Conduct

- Reporting Mechanisms (Anonymous Hotlines, E-mail etc.)
- Monitoring/Auditing Systems
- Investigation Systems
- Consistent Enforcement Throughout Organization

Components of the Program May Differ from Company to Company

Ethics and Compliance

- Effective Compliance Programs should also be Supported by Strong Ethics Programs that:
 - Encourage Appropriate Behavior
 - Communicates the Values of the Organization
 - Provide Assistance and Counsel for Employees Through an Ethics Helpline
 - Reward Ethical Behavior
 - Demonstrates to Employees and Stakeholders that the Company has a Strong Commitment to Honest and Responsible Conduct
 - Seeks to Create Conditions that Support Right Action

Everyone Must Model Ethical Behavior

- “It is not an adequate ethical standard to aspire to get through the day without being indicted.”

Richard Breeden --former chairman of the SEC

Many Organizations, Individuals or Groups Have a Code of Ethics

- Hackers code of Ethics “All information should be free”
- Cowboy Code (Gene Autry) “A Cowboy should never shoot first, hit a smaller man or take unfair advantage”
- Code of Ethics for Off-Earth Commerce “Committed to Ensuring a Free Market Economy Off-Earth”
 - UCSF Academic Business Officers Group (ABOG)

Many Organizations, Individuals or Groups Have a Code of Ethics

- Rapper Cam'ron told show host Anderson Cooper (CNN) that he refused to cooperate with police after he was wounded by gunmen in 2005, and when the newsman asked why, the rapper said, "Because it would definitely hurt my business, and the way I was raised. I just don't do that. It's about business, but it's still also a code of ethics."

Ethical Lapses Can Occur Anywhere

- Journalism
 - Telemundo Anchorwoman
 - Chicago NBC-TV Reporter
 - Los Angeles Times Editorial Page Edit
- Corporate America
 - Hewlett Packard
 - WellPoint CFO
- Sports
 - Marion Jones
 - Roger Clemens

“Relativity applies to physics, not ethics.”

*Albert Einstein 1879-1955; German-born
American theoretical physicist*

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**“We’ve got to draw a line on unethical behavior
and then get as close to that line as possible.”**