



004 - Compliance Readiness - Avoiding Surprises

Indrani Franchini

Deputy Compliance Officer, Worldwide Programs, Senior Corporate Counsel
Pfizer Inc.

Asuncion Cummings Hostin

Managing Director, Business Intelligence and Investigations
Kroll

Gail Lione

General Counsel
Harley-Davidson, Inc.

Lawrence Oliver

Chief Counsel
The Boeing Company

Laura Stein

Senior Vice President & General Counsel
The Clorox Company

Faculty Biographies

Indrani Franchini

Indrani Lall Franchini is deputy compliance officer, worldwide programs and senior corporate counsel at Pfizer Inc, in New York City, where she focuses on the development of the organization's centralized compliance function. Her primary compliance responsibilities include promoting awareness and education, deploying best-in-class compliance tools and systems, designing and communicating policy, and closely collaborating with the business to identify and manage risk. Ms. Franchini has also conducted internal investigations across the company's research and development, manufacturing, sales, and other operations around the world, and development and maintenance of corporate compliance programs and systems. Ms. Franchini was involved with the development of the company's compliance program, and had particular focus on enhancements to the existing hotline, the implementation of web-based compliance training and the roll-out of the company's compliance programs in its international markets. She also serves as the co-chair of the legal division's diversity program.

Before joining Pfizer, Ms. Franchini worked as an associate in the project finance department of Milbank, Tweed, Hadley & McCloy LLP in both their New York and Tokyo offices. During her time at Milbank, she was a member of both the recruiting committee and the diversity committee.

Ms. Franchini graduated cum laude from Princeton University, receiving her A.B. Following graduation, she spent time as a Fulbright fellow at Kyushu University in Fukuoka, Japan. She received her J.D. from the University of Michigan Law School where she was the editor-in-chief of the Michigan Journal of International Law.

Asuncion Cummings Hostin

Asuncion C. Hostin is a managing director in Kroll's business intelligence and investigations division.

A former assistant U.S. attorney for the District of Columbia, Ms. Hostin has noteworthy expertise in the investigation and prosecution of complex criminal matters. Ms. Hostin also has experience in labor and employment, antitrust, civil and criminal securities enforcement, securities fraud, and internal and external investigations. Prior to becoming an assistant U.S. attorney, Ms. Hostin was a staff attorney for the antitrust division of the Department of Justice where she investigated and litigated anticompetitive mergers and acquisitions. She served as counsel to a large New York law firm where she handled white-collar crime and labor and employment law matters, and was also of counsel at a securities litigation boutique.

Ms. Hostin is a legal commentator for Court TV, CNN and FOX News, and a consultant for National Public Radio (NPR). She has lectured extensively on labor and employment and white-collar crime issues and instructed on evidence at Pace School of Law.

Ms. Hostin received her B.A. from Binghamton and her J.D. from University of Notre Dame Law School.

Gail Lione
General Counsel
Harley-Davidson, Inc.

Lawrence Oliver
Chief Counsel
The Boeing Company

Laura Stein

Laura Stein is senior vice president-general counsel of The Clorox Company in Oakland, California, a leading manufacturer and marketer of consumer products. She is responsible for the company's worldwide legal services, internal audit, and business development functions.

Previously, Ms. Stein was senior vice president-general counsel of the H.J. Heinz Company, where she was responsible for Heinz's worldwide legal, ethics, compliance, corporate secretary, and enterprise risk management matters. She was president of Heinz's Global Organization for the Advancement of Leadership for women and was a director of the H.J. Heinz Company Foundation. Prior to joining Heinz, Ms. Stein was with The Clorox Company, most recently as assistant general counsel-regulatory affairs. At Clorox, Ms. Stein was a member of several of the company's leadership teams, including the legal, glad(tr), and Latin America management committees. Prior to Clorox, Ms. Stein was a business lawyer with Morrison & Forester in San Francisco where she was involved in mergers and acquisitions, securities, general corporate and nonprofit corporate law, and financial and international transactions.

Ms. Stein is a on ACC's Board of Directors. She is a director of Nash Finch Company and of Pittsburgh Ballet Theatre. She is the immediate past chair of the ABA commission on domestic violence, is on the board of the ABA Asia law initiative, and is on the advisory board of the ABA center for human rights, and serves on the client advisory panel of Lex Mundi, a global association of leading independent law firms. She is a member of the American Law Institute. A past Harvard Law Bulletin highlighted Ms. Stein as one of 50 alumnae who "have used their law degrees to take them to extraordinary places."

Ms. Stein is a graduate of Dartmouth College where she earned undergraduate and Master's degrees and she received her J.D. from Harvard Law School.

THE EXPANDING UNIVERSE OF RISK MANAGEMENT:**HYPOTHETICAL SCENARIO**

Wilma GC was about to join the CFO's briefing of the company's principal ratings agencies when her secretary said there was an urgent call from the Compliance Dept. The Compliance rep reported a call on the whistleblower hotline, alleging serious problems with senior management's activities at the company's Eastern European securities trading office. The whistleblower reported hearing the Chief Trader bragging about her intimate knowledge of certain clients' business dealings and her skill in making lucrative trades in amounts the whistleblower knew were unauthorized. The whistleblower also reported rumors that the Trader and some of her favored direct reports are trading on their own accounts with company information. The whistleblower spoke of resentment against the Trader as she is the CFO's daughter-in-law, and expressed staff annoyance at the Trader's frequent cell-phone calls with family and friends, including the CFO. The Compliance rep explained that his Department had recently completed online training of all trading staff. Wilma was reminded of an outside counsel's client alert several months earlier highlighting European regulators' increased scrutiny of questionable securities activities. She rushed off to her meeting.

As the CFO explained the company's strong financial performance and effective risk management to the ratings agencies, Wilma realized that most of what she knew about the Eastern European office came from reading a script for the CEO's State Department briefing, which described the company's contribution to the region's growing capital markets. The Chief Trader was featured, in part because of her Turkish heritage and strong ties to local Islamic communities. Wilma also remembered seeing the most recent Audit Department reports, which had given the Eastern European trading operation strong marks.

When she got back to her office, Wilma asked her secretary to track down her European deputy. In the meantime, she got a call from the Controller who said he was delaying the planned mailing of the draft 10K to the Audit Committee because of difficulty reconciling numbers from European operations. The Controller could not reach the CEO who was visiting with Chinese officials regarding the opening of the company's new China office, but had worked around the CEO's upcoming "press availability" session with US and foreign news outlets. When Wilma reached her deputy, he explained he had been helping his IT colleagues address the loss of a couple trading desk laptops, which had gone missing several days earlier. IT staff had not yet determined what information was on the computers. After expressing her frustration at first hearing of this incident now, Wilma explained the whistleblower call. Her deputy said the Chief Trader was on vacation somewhere. The deputy acknowledged staff discontent in the office, but said he hadn't noticed any of the reported improprieties, admitting he did not spend much time among the traders. He noted that the lead Compliance Department person in the office was close friends with the Trader, and reminded Wilma that all trading desk transactions are recorded.

Wilma started a list of the things she'd have to consider:

What are the potential implications: legal, regulatory, business, reputational, public relations? What's the plan to manage those risks? Who will be involved? What's the response to the whistleblower call and what is the Law Department's role? Can/should the Compliance Department and Internal Audit be involved? Is this a task for in-house people or should outside third parties be used? What about the Board of Directors and the Audit Committee? What complications arise given implications for the CFO? What about the US regulators and other governmental entities? What about foreign regulators and governments? Should Communications be alerted and when? What about data preservation and the IT Department? How do we assess whether there is a broader problem?

Wilma also asked herself the following:

Should someone have seen this coming? What kind of risk assessment and reporting is going on in the company? How is the Law Department contributing? What is the efficacy of compliance training?