

Table of Contents

PART I. COMPLIANCE PROGRAMS UNDER THE SENTENCING GUIDELINES

CHAPTER 1. SENTENCING GUIDELINES: IN GENERAL

- § 1:1 Scope of chapter
- § 1:2 Brief history of Sentencing Reform Act
- § 1:3 Changes brought by Sentencing Reform Act
- § 1:4 —Principal features of pre-guidelines system
- § 1:5 —Principal features of Sentencing Reform Act and guidelines system
- § 1:6 Development of initial guidelines
- § 1:7 Initial implementation of guidelines
- § 1:8 Fundamentals of guidelines practice
- § 1:9 —Operation of guidelines
- § 1:10 —Significance of policy statements and commentary
- § 1:11 —Plea negotiation and hearing processes
- § 1:12 —Departures from guidelines in sentencing
- § 1:13 —Appellate review of guidelines sentences
- § 1:14 Continuing evolution of guidelines system
- § 1:15 Constitutionality issues

CHAPTER 2. CORPORATE SENTENCING GUIDELINES: DRAFTING HISTORY

I. INTRODUCTION

- § 2:1 Scope of chapter

II. STAGE ONE

- § 2:2 Preliminary report
- § 2:3 Philosophical split in commission
- § 2:4 Just punishment philosophy
- § 2:5 Deterrence philosophy
- § 2:6 Public reaction and aftermath

III. STAGE TWO

- § 2:7 1988 discussion draft

- § 2:8 Development of deterrence-based guidelines
- § 2:9 Seeds of mitigation for compliance programs
- § 2:10 Internal commission opposition
- § 2:11 Public hearings and aftermath
- § 2:12 New proposals frame discussion
- § 2:13 —Department of Justice proposal
- § 2:14 —Clark proposal
- § 2:15 —Attorney working group proposal

IV. STAGE THREE

- § 2:16 1989 preliminary draft
- § 2:17 Public comment
- § 2:18 Chairman's 1990 draft
- § 2:19 Hiatus
- § 2:20 Commission-adopted principles to guide drafting

V. STAGE FOUR

- § 2:21 November 1990 draft
- § 2:22 Business Roundtable emphasis on compliance programs
- § 2:23 Pre-publication staff working group draft
- § 2:24 Commission reaction
- § 2:25 Department of Justice reaction
- § 2:26 Public comment

VI. STAGE FIVE

- § 2:27 Final stage of development
- § 2:28 Input from judicial advisory group
- § 2:29 Increased weight given to compliance programs
- § 2:30 Relaxed restrictions on compliance reduction
- § 2:31 Home stretch

VII. THE NEXT STAGE

- § 2:32 Epilogue or prologue?
- § 2:33 2004 Revisions to the Corporate Sentencing Guidelines
- § 2:34 2010 Revisions to the corporate sentencing guidelines
- § 2:35 2023 revisions to sentencing guidelines—Amendment 821
- § 2:36 2024 Amendments to the Federal Sentencing Guidelines
- § 2:37 2025 Amendments to the Federal Sentencing Guidelines

TABLE OF CONTENTS

**CHAPTER 3. CORPORATE SENTENCING
GUIDELINES: OVERVIEW**

- § 3:1 Scope of chapter
- § 3:2 Retroactivity
- § 3:3 Covered entities
- § 3:4 Covered offenses
- § 3:5 Application to offense involving agents and subsidiary organizations
- § 3:6 Remedies—In general
- § 3:7 —Restitution
- § 3:8 —Remedial orders
- § 3:9 —Community service
- § 3:10 —Order of notice to victims
- § 3:11 Determining fine—Criminal purpose organizations
- § 3:12 —Legitimate organizations
- § 3:13 —Inability to pay fine
- § 3:14 —Base fine
- § 3:15 —Using offense level for base fine
- § 3:16 —Multiple counts
- § 3:17 —Gain or loss for base fine
- § 3:18 Large fines under the Guidelines
- § 3:19 Culpability score
- § 3:20 —Minimum and maximum multipliers
- § 3:21 —Relationship of guidelines fine range to statutory maximum fines
- § 3:22 — —Gain or loss
- § 3:23 — —Offense classifications
- § 3:24 — —Type of offense
- § 3:25 —Involvement in or tolerance of criminal activity—
General rule
- § 3:26 — — —Culpable involvement
- § 3:27 — — —Definitions of relevant categories of personnel
- § 3:28 — — —Size of organization and culpability score
- § 3:29 —Prior history
- § 3:30 —Violation of order
- § 3:31 —Obstruction of justice
- § 3:32 —Self-reporting, cooperation, and acceptance of
responsibility
- § 3:33 2004 Guidelines Revisions
- § 3:34 Determining fine within range
- § 3:35 Departures from sentencing guidelines
- § 3:36 —Substantial assistance to authorities
- § 3:37 —Other downward departures
- § 3:38 —Upward departures

- § 3:39 Disgorgement
- § 3:40 Implementing sentence of fine
- § 3:41 Fines paid by owners of closely held corporations
- § 3:42 Probation—Imposition
- § 3:43 —Terms and conditions generally
- § 3:44 —Violation of conditions of probation
- § 3:45 Early termination of deferred prosecution
- § 3:46 Special assessments, forfeitures and costs

CHAPTER 4. AN EFFECTIVE COMPLIANCE AND ETHICS PROGRAM

- § 4:1 Scope of chapter
- § 4:2 Impact on sanctions—Fines generally
- § 4:3 —Antitrust offenses
- § 4:4 —Probation
- § 4:5 Defining effective program
- § 4:6 —Structured flexibility
- § 4:7 —Focus on result-oriented efforts
- § 4:8 —Reading program features “into” required seven steps
- § 4:9 —Relevance of ethics and “integrity-based” systems
- § 4:10 Building ethics into compliance programs
- § 4:11 Defining effective program—Conflict between organizations and employees
- § 4:12 Timing issues—Culpability score credit and probation
- § 4:13 —Ongoing nature of implementation
- § 4:14 —Relevance of compliance-related responses
- § 4:15 Mitigation “blockers”—Generally
- § 4:16 —Involvement by certain personnel
- § 4:17 —Failure to report offense
- § 4:18 —Advantages of compliance program despite blockers
- § 4:19 Overview of cases to date
- § 4:20 Effective though not perfect program
- § 4:21 Revisions to the guidelines
- § 4:22 Two contrary viewpoints on compliance programs

TABLE OF CONTENTS

**PART II. ESTABLISHING AN
EFFECTIVE COMPLIANCE
PROGRAM**

**CHAPTER 5. THRESHOLD
CONSIDERATIONS**

I. INTRODUCTION

§ 5:1 Scope of chapter

II. DOCUMENTATION

- § 5:2 In general
- § 5:3 Retain what is required
- § 5:4 Record retention periods for compliance documents
- § 5:5 Train employees on document practices
- § 5:6 Dispose of what is unnecessary
- § 5:7 Protect privileged communications and confidential material
- § 5:8 Restrain creation of unnecessary documentation
- § 5:9 Document the compliance program
- § 5:10 Contents of compliance program files
- § 5:11 Annual compliance reports
- § 5:12 Compliance program governance documentation

III. GENERAL PRIVILEGES

- § 5:13 Privilege issues generally
- § 5:14 Sources of assaults on confidentiality
- § 5:15 Government subpoenas
- § 5:16 Civil litigation
- § 5:17 Discovery in collateral litigation
- § 5:18 The general public
- § 5:19 Judicial analysis of privilege claims
- § 5:20 Attorney-based privileges- Attorney-client
- § 5:21 Attorney-based privileges—Assertion by client or potential client
- § 5:22 —Communications with attorney or attorney’s agent
- § 5:23 —Communications related to seeking of legal advice
- § 5:24 —Confidentiality requirement
- § 5:25 Privilege and compliance program documents
- § 5:26 Work-product immunity
- § 5:27 —Overcoming work-product immunity

§ 5:28 Exceptions to privileges

IV. WAIVER OF PRIVILEGE

- § 5:29 In general
- § 5:30 Sarbanes Oxley Act of 2002 and privileged information
- § 5:31 Parties to whom disclosure waives privilege
- § 5:32 Other conduct that may waive privilege
- § 5:33 Implied waiver—Effect of disclosure on related materials
- § 5:34 —Disclosure of portion of investigative report
- § 5:35 —Extension of waiver to underlying materials
- § 5:36 —Implied waiver in work-product context
- § 5:37 Limited or selective waiver—Controlling extent of distribution
- § 5:38 Limited waiver—Strategies for limited waiver
- § 5:39 Crime-fraud exception
- § 5:40 Common interest exception

V. SELF-EVALUATIVE PRIVILEGE

- § 5:41 In general
- § 5:42 Elements of self-evaluative privilege
- § 5:43 —Standard for privilege
- § 5:44 —Protection of facts or opinions
- § 5:45 —Limitation of government
- § 5:46 —Protection of mandatory reviews
- § 5:47 —Privilege as discovery rule or rule of evidence
- § 5:48 —Privilege subject to waiver
- § 5:49 —Protection of retrospective reviews or those at issue in litigation
- § 5:50 Case for self-evaluative privilege claim
- § 5:51 Self-evaluative privilege in future

VI. RELATED ISSUES

- § 5:52 Miscellaneous confidentiality issues—Statutory privacy rights
- § 5:53 — —Grand jury materials
- § 5:54 Constitutional issues
- § 5:55 Public rights of access to materials connected with judicial proceedings

Appendix 5-A. Model Statute

CHAPTER 6. COMPLIANCE RISK ASSESSMENT

- § 6:1 Scope of chapter

TABLE OF CONTENTS

- § 6:2 Need to assess
 - § 6:3 Governmental guidance
 - § 6:4 Need to proceed expansively
 - § 6:5 Relevant time periods
 - § 6:6 Understanding a company’s business
 - § 6:7 Conceptual framework—“Reasons” and “capacities”
 - § 6:8 Information sources
 - § 6:9 —Internal documentary sources
 - § 6:10 —Other internal sources
 - § 6:11 —Internal sources—What should be covered
 - § 6:12 —External sources and information sharing
 - § 6:13 Documentation and privilege issues
 - § 6:14 Use of risk assessment to consider compliance mechanisms
 - § 6:15 Relationship between risk assessment and program assessment
 - § 6:16 Ongoing nature of assessment
 - § 6:17 —Risk assessment in corporate acquisitions
 - § 6:18 Building risk assessment into other compliance functions
 - § 6:19 Small company risk assessments
 - § 6:20 Assessing “third-party” risk (including that of joint ventures and franchisees)
 - § 6:21 Behavioral ethics and compliance risks
 - § 6:22 Assessing specific areas of risk
 - § 6:23 Use of subject matter experts in risk mitigation
 - § 6:24 Granular compliance risk assessment
 - § 6:25 Mitigating risks
- Appendix 6-A. Compliance Program Risk Inventory

CHAPTER 7. CORPORATE CULTURE AND COMPLIANCE PROGRAMS

- § 7:1 Scope of chapter
- § 7:2 The importance of culture—Two examples
- § 7:3 Values-based best practices as the basis for corporate culture
- § 7:4 Identifying and describing the existing corporate culture
- § 7:5 Surveys, focus groups and interviews
- § 7:6 Examining the tone at the top
- § 7:7 The importance of human resource practices
- § 7:8 Corporate traditions, stories and the “grapevine”
- § 7:9 Corporate subcultures
- § 7:10 The importance of corporate customs and routines

- § 7:11 Perceptions beyond employees
- § 7:12 Assessing corporate culture—Initial considerations
- § 7:13 The limits of the hard data approach
- § 7:14 Risk assessment
- § 7:15 Corporate culture “deep dive”
- § 7:16 The importance of culture beyond compliance

CHAPTER 8. CODES OF CONDUCT

- § 8:1 Scope of chapter: Why a Code?
- § 8:2 Evolution of Codes of Conduct and The Code’s Role
- § 8:3 Planning a Code of Conduct
- § 8:4 The Code’s Tone, Form and Voice
- § 8:5 Conveying the Message from the Top
- § 8:6 Risk Topic Coverage and Reporting
- § 8:7 A Note on Sarbanes-Oxley and Waivers
- § 8:8 Presentation, Organization and Learning Aids
- § 8:9 Distribution and Certification
- § 8:10 Evaluating A Code’s Performance
- § 8:11 Codes of conduct for vendors and other third parties
- § 8:12 Other Written Standards

CHAPTER 9. ASSIGNING COMPLIANCE RESPONSIBILITY

- § 9:1 Scope of chapter
- § 9:2 Need for compliance officers
- § 9:3 Regulatory guidance
- § 9:4 Role of senior management
- § 9:5 Ensuring an effective compliance and ethics program—
The role of high-level personnel
- § 9:6 Assignment of responsibilities
- § 9:7 Reporting
- § 9:8 Organizational position
- § 9:9 —Chief financial officers
- § 9:10 —Chief legal officers
- § 9:11 —Ethics officers
- § 9:12 —Full-time compliance officers
- § 9:13 —White paper on compliance and ethics officers
- § 9:14 —Complex organizations
- § 9:15 Compliance field infrastructure
- § 9:16 —Subject specific compliance officers
- § 9:17 Compliance committees
- § 9:18 Infrastructure support
- § 9:19 Qualifications
- § 9:20 Evaluation and compensation

TABLE OF CONTENTS

- § 9:21 Employment contracts and other protections for compliance officers
- § 9:22 Public role
- § 9:23 Liability of compliance officers
- § 9:24 Responsibilities of all employees
- Appendix 9-A. Business Unit Compliance Position Description
- Appendix 9-B. Compliance Officer Position Description
- Appendix 9-C. Standards of Conduct for Business Ethics and Compliance Professionals
- Appendix 9-D. Code of Ethics for Compliance and Ethics Professionals

CHAPTER 10. BOARD OVERSIGHT OF THE CORPORATE COMPLIANCE FUNCTION

- § 10:1 Scope of chapter
- § 10:2 Director compliance obligations: Historical antecedents
- § 10:3 Director duties and board functions—In general
- § 10:4 —Oversight of legal compliance
- § 10:5 Director and officer standards of care
- § 10:6 —Delegating compliance authority
- § 10:7 —Business judgment rule
- § 10:8 —Caremark decision
- § 10:9 —Application of Caremark to corporate officers
- § 10:10 The department of justice’s evaluation of compliance programs
- § 10:11 Board oversight and due diligence under organizational sentencing guidelines—In general
- § 10:12 —2004 Revisions to the Sentencing Guidelines
- § 10:13 —The “what,” “when,” “who” and “how often” of board oversight
- § 10:14 Board oversight and due diligence—Guidance from the Department of Health and Human Services
- § 10:15 —Board audit committees
- § 10:16 Section 301(4) of Sarbanes-Oxley Act of 2002
- § 10:17 Relations with CEO
- § 10:18 —Outside director perspective
- § 10:19 Relations with general counsel and compliance officer
- § 10:20 Relations with auditors
- § 10:21 Relations with regulators

CHAPTER 11. CARE IN DELEGATING AUTHORITY

I. IN GENERAL

- § 11:1 Scope of chapter
- § 11:2 Guidelines and business justifications for concern
- § 11:3 Application of guidelines criteria
- § 11:4 What is “conduct inconsistent with an effective compliance and ethics program”

II. SCREENING

- § 11:5 Screening applicants
- § 11:6 Verification of application
- § 11:7 Criminal background checks
- § 11:8 —Best practices
- § 11:9 Polygraphs—Applicants
- § 11:10 Written honesty tests
- § 11:11 Fair Credit Reporting Act

III. MONITORING

- § 11:12 Monitoring current employees
- § 11:13 Feedback regarding current employees
- § 11:14 Polygraphs—Current employees
- § 11:15 Electronic surveillance
- § 11:16 —E-mail
- § 11:17 Searches

CHAPTER 12. TRAINING AND OTHER COMMUNICATIONS

I. INTRODUCTION

- § 12:1 Scope of chapter
- § 12:2 Role of training
- § 12:3 The revised sentencing guidelines
- § 12:4 Judicial decisions and regulatory views
- § 12:5 Communications by senior executives
- § 12:6 Essential training elements and documentation

II. DESIGN AND DELIVERY

- § 12:7 Design and development
- § 12:8 —Needs analysis

TABLE OF CONTENTS

- § 12:9 Compliance training curricula
- § 12:10 Design and development—Program design
- § 12:11 —Materials preparation
- § 12:12 —Testing
- § 12:13 Periodic review of training materials
- § 12:14 Delivery
- § 12:15 International training issues
- § 12:16 Training third parties

III. METHODS

- § 12:17 In general
- § 12:18 Task-force exercise
- § 12:19 Case discussion
- § 12:20 Simulations and games
- § 12:21 Role-play exercise
- § 12:22 Individual exercises
- § 12:23 Presentation/lecturette
- § 12:24 Behavior modeling
- § 12:25 Video
- § 12:26 Computer-based training, fixed location
- § 12:27 Web-based training
- § 12:28 “Just-in-time” training and communications

IV. ETHICS TRAINING

- § 12:29 In general
 - § 12:30 Basics of business ethics
 - § 12:31 Ethics dos and don'ts
 - § 12:32 Ethics training approaches
 - § 12:33 Training content
 - § 12:34 Government mandated ethics and compliance training
 - § 12:35 Small company considerations
 - § 12:36 Non-training compliance communications
- Appendix 12-A. Compendium of Compliance Program
Resource Materials

CHAPTER 13. AUDITING, MONITORING AND OTHER INTERNAL CONTROLS

I. IN GENERAL

- § 13:1 Scope of chapter
- § 13:2 Changing shape of auditing and monitoring—
External auditing

- § 13:3 —Internal auditing
- § 13:4 —Financial audits
- § 13:5 —Computer audits
- § 13:6 —Compliance programs
- § 13:7 Committee of Sponsoring Organizations of Treadway
Commission (COSO)
- § 13:8 2013 Revisions to COSO framework
- § 13:9 Reviewing organizational structure and effectiveness
of oversight function
- § 13:10 Evaluating tone at the top
- § 13:11 —Guidelines-driven compliance auditing
- § 13:12 —Reviewing technology usage
- § 13:13 —Keeping current and managing change
- § 13:14 Auditing, monitoring, and surveillance concepts—
Framework
- § 13:15 Impact of organization and process design
- § 13:16 Implications of industry and of organizational size

II. AUDITS AND TESTS

- § 13:17 Auditing process—Scope of auditing
- § 13:18 —Planning
- § 13:19 —Risk assessment
- § 13:20 Developing the testing plan
- § 13:21 —Using information technology
- § 13:22 —Performance of tests—Controls testing
- § 13:23 —Compliance testing
- § 13:24 —Using information technology
- § 13:25 —Using employee surveys and related mechanisms
- § 13:26 —The role of management reports
- § 13:27 —Work papers
- § 13:28 —Managing audits
- § 13:29 —Report of findings and recommendations
- § 13:30 Auditing case law

III. MONITORING AND SURVEILLANCE

- § 13:31 Monitoring process—Scope of monitoring
- § 13:32 —Roles and responsibilities
- § 13:33 —Types of monitoring
- § 13:34 Self-assessments
- § 13:35 Monitoring process—Use of information technology
- § 13:36 —Reporting of exceptions and deficiencies
- § 13:37 —Disposing of exceptions and deficiencies
- § 13:38 —Recordkeeping

TABLE OF CONTENTS

- § 13:39 Surveillance process—Developing monitoring and surveillance systems
- § 13:40 —Supervisory control
- § 13:41 —Exception reporting
- § 13:42 —Surveillance, information systems and statistical analysis

IV. MISCELLANEOUS MATTERS

- § 13:43 Regulatory reporting and recordkeeping
- § 13:44 Organizing and staffing audit function—Relationships with other parts of organization
- § 13:45 Relationships with outside parties
- § 13:46 Relationships with audit committee
- § 13:47 Vendor “monitoring”
- § 13:48 Benefits of auditing and monitoring systems
- § 13:49 Auditing by lawyers
- § 13:50 Auditors assisting with other compliance program activities
- § 13:51 FCPA/Anticorruption auditing
- § 13:52 Exit interviews
- § 13:53 Peer reviews
- § 13:54 Audits of government contractor compliance programs
- § 13:55 Screening and statistical analysis
- § 13:56 Auditing: impact of lack of independence on quality of compliance audits
- § 13:57 Case law on monitoring

V. INTERNAL CONTROLS

- § 13:58 Internal controls—Overview
 - § 13:59 Sarbanes Oxley Act of 2002 Internal Controls
 - § 13:60 Internal controls—Specific risk areas
 - § 13:61 Automating business processes
 - § 13:62 Communications channels and messaging applications
- Appendix 13-A. Antitrust Compliance Training Feedback
- Appendix 13-B. Compliance Auditing: Red Flags
- Appendix 13-C. Inventory of Audit and Monitoring Tools

CHAPTER 14. RETALIATION, WHISTLEBLOWERS, AND REPORTING SYSTEMS

I. INTRODUCTION

- § 14:1 Scope of chapter

II. WHISTLEBLOWING

- § 14:2 Existing legal protections for whistleblowers
- § 14:3 Whistleblower and government informant protection under the Sarbanes-Oxley Act
- § 14:4 The Dodd-Frank Wall Street Reform and Consumer Protection Act
- § 14:5 2020 Amendments to whistleblower program rules
- § 14:6 2022 Amendments to whistleblower program rules
- § 14:7 SEC Whistleblower Awards—FY 2021
- § 14:8 SEC Office of the Whistleblower Annual Report—FY 2022
- § 14:9 —FY 2023
- § 14:10 SEC Office of the whistleblower annual report-FY 2024
- § 14:11 CFTC Whistleblower program
- § 14:12 IRS Whistleblower Program
- § 14:13 DOJ Whistleblower programs
- § 14:14 Standards for establishing retaliation
- § 14:15 Impact of sentencing guidelines on public policy
- § 14:16 2024 Department of Justice Guidance
- § 14:17 Whistleblower programs—Role of corporate culture
- § 14:18 —policies and procedures
- § 14:19 Preventing retaliation against whistleblowers—Allow anonymous reporting
- § 14:20 —Issue written corporate policies
- § 14:21 —Monitoring from the top
- § 14:22 —Assign case number to each call or letter
- § 14:23 —Follow up with each complainant
- § 14:24 —Keep employees informed
- § 14:25 —Promise confidentiality
- § 14:26 —Limit identification of whistleblower
- § 14:27 —Avoid retaliatory personnel actions
- § 14:28 Training
- § 14:29 Evaluation and adjustment of policy
- § 14:30 Outside hotline operators
- § 14:31 Small company considerations
- § 14:32 SEC Enforcement Actions—Rule 21F-17

III. REPORTING SYSTEMS

- § 14:33 Corporate ombuds as one option
- § 14:34 Privilege protection for ombuds offices
- § 14:35 Reporting system options
- § 14:36 Sarbanes-Oxley Act of 2002—Reporting systems required and other mandates

TABLE OF CONTENTS

- § 14:37 —Reporting by lawyers
- § 14:38 Lawyers and whistleblower bounties: ethical issues
- § 14:39 Handling calls unrelated to compliance
- § 14:40 Assumptions about calls and calling patterns

CHAPTER 15. RESPONSE TO PROBLEMS: INVESTIGATIONS, DISCLOSURE OF VIOLATIONS, AND CRISIS RESPONSE

I. INTRODUCTION

- § 15:1 Scope of chapter

II. INVESTIGATION

- § 15:2 Circumstances in which an internal investigation may be initiated
- § 15:3 Benefits to the corporation
- § 15:4 Costs incurred
- § 15:5 Determining the point at which an investigation should be initiated
- § 15:6 Strategic considerations
- § 15:7 Choosing investigators
- § 15:8 Independence
- § 15:9 Preventing undesired disclosures
- § 15:10 Establishing investigative guidelines
- § 15:11 Training investigators
- § 15:12 Document review and witness interviews
- § 15:13 Responding to government investigations
- § 15:14 Using experts
- § 15:15 Conflicts of interest

III. DISCLOSURE

- § 15:16 Report preparation and presentation
- § 15:17 Disclosure to government
- § 15:18 —Partial disclosure
- § 15:19 Persuading government not to prosecute
- § 15:20 Persuading the government not to prosecute-Waiver of the attorney-client privilege
- § 15:21 Persuading government not to prosecute-Legal fees
- § 15:22 Disclosure to public
- § 15:23 Internal responses to report
- § 15:24 Collateral dangers to counsel
- § 15:25 Legal action by those implicated by investigation

- § 15:26 Legal action by those harmed by corporate wrongdoing
- § 15:27 Criminal liability for failure to disclose misconduct

IV. CRISIS RESPONSE

- § 15:28 Crisis management—In general
- § 15:29 Crisis management team
- § 15:30 Action plan
- § 15:31 Simulations
- § 15:32 Educational efforts
- § 15:33 Other remedial measures
- § 15:34 Conclusion

CHAPTER 16. EMPLOYEE DISCIPLINE AND INCENTIVES

I. IN GENERAL

- § 16:1 Scope of chapter
- § 16:2 Nonguideline justifications for disciplinary system
- § 16:3 Caselaw
- § 16:4 Types of discipline—Informal and formal reprimands
- § 16:5 —Demotion
- § 16:6 —Financial penalties
- § 16:7 —Suspension
- § 16:8 —Discharge
- § 16:9 —Civil and criminal remedies
- § 16:10 —Alternative remedies
- § 16:11 Grounds for discipline—Violations of laws, regulations or company policies
- § 16:12 —Failure of managerial responsibility
- § 16:13 —Intentional misconduct
- § 16:14 —Extent of harm
- § 16:15 —Effect of self-disclosure
- § 16:16 —Third-party considerations
- § 16:17 Disciplining key employees
- § 16:18 Procedures for determining grounds for discipline

II. PROCEDURES

- § 16:19 Disciplinary process—Formality versus informality
- § 16:20 Employee recourse to legal counsel
- § 16:21 Employee access to information
- § 16:22 Disciplinary decision and appeal
- § 16:23 —Grievance procedures

TABLE OF CONTENTS

- § 16:24 —Represented workforces
- § 16:25 Timing of disciplinary action
- § 16:26 Timing of discipline in light of parallel criminal proceedings
- § 16:27 Publication of disciplinary decisions
- § 16:28 Variations in approach between small and large organizations

III. INCENTIVES AND RELATED MATTERS

- § 16:29 Evaluations, incentives and rewards
- § 16:30 —Concerns about using evaluations and rewards
- § 16:31 —Reasons to use evaluations and rewards
- § 16:32 —How to use evaluations and rewards
- Appendix 16-A. Form—Communication to Employees
- Appendix 16-B. Model Policy—Guidelines for Disciplinary Action for Violations of the Employee Code of Conduct
- Appendix 16-C. Taking a Disciplined Approach to Discipline—Enforcing Compliance Standards

CHAPTER 17. MEASURING THE EFFECTIVENESS OF COMPLIANCE AND ETHICS PROGRAMS

- § 17:1 Scope of chapter
- § 17:2 Evolving legal standards
- § 17:3 The business case—Risk management
- § 17:4 —The bottom line
- § 17:5 Effectiveness indicators—The need for comprehensive measures
- § 17:6 —Program design
- § 17:7 Program design—Other sources
- § 17:8 Effectiveness indicators—Program implementation
- § 17:9 —Program impact
- § 17:10 Tailoring the measurement process
- § 17:11 Evaluating the compliance officer (and others responsible for compliance)
- § 17:12 —Assigning responsibility according to “jurisdiction”
- § 17:13 —Special functions
- § 17:14 —Maturity of the program
- § 17:15 —Problem of non-expert evaluators
- § 17:16 Evaluating incident reporting
- § 17:17 Who performs the evaluation?
- § 17:18 How high should the bar be set in an assessment?

Appendix 17-A. Inventory of Measurement Tools

CHAPTER 18. ETHICS AND COMPLIANCE SURVEYS

- § 18:1 Scope of chapter
- § 18:2 Reasons to use ethics and compliance surveys
- § 18:3 Reasons for concerns about surveys
- § 18:4 Assessing survey efficacy
- § 18:5 Drafting survey questions and designing the survey
- § 18:6 Benchmarking
- § 18:7 Anonymity and trust
- § 18:8 Pressure to ensure the “right” answers
- § 18:9 Consolidation and data-mining
- § 18:10 Surveys and the misallocation of resources
- § 18:11 Benchmarking—Issues of leveling and sameness
- § 18:12 Conclusion

CHAPTER 19. INDUSTRY PRACTICE: THE DEFENSE INDUSTRY EXPERIENCE**I. INTRODUCTION**

- § 19:1 Scope of chapter
- § 19:2 Industry practice case law
- § 19:3 Defense Industry Initiative (DII) principles
- § 19:4 DII best practices forums
- § 19:5 DII public accountability

II. SIGNATORY PROGRAMS

- § 19:6 DII signatory programs—In general
- § 19:7 Codes of conduct
- § 19:8 Business courtesies
- § 19:9 Kickbacks
- § 19:10 Conflicts of interest
- § 19:11 Employing and recruiting current or former government personnel
- § 19:12 Confidential information
- § 19:13 Use of company resources
- § 19:14 Complete and accurate books, records, and communications
- § 19:15 Bidding, negotiation, and performance of contracts
- § 19:16 Charges to government
- § 19:17 Relationships with suppliers and representatives
- § 19:18 Inside information and investment in securities

TABLE OF CONTENTS

- § 19:19 Antitrust and restriction of trade
- § 19:20 International business practices
- § 19:21 Workplace relationships
- § 19:22 Corporate citizenship and relations with community
- § 19:23 Political contributions
- § 19:24 Product quality
- § 19:25 Environmental compliance
- § 19:26 Financial accounting and disclosure

III. PROGRAM MECHANICS

- § 19:27 Distribution of codes of conduct
- § 19:28 Orientation
- § 19:29 Training programs
- § 19:30 Internal reporting mechanisms
- § 19:31 —Confidentiality
- § 19:32 —Avoidance of retaliation
- § 19:33 —Investigation
- § 19:34 —Staffing
- § 19:35 —Report back
- § 19:36 —Types of calls
- § 19:37 Communication with employees
- § 19:38 —Written communication
- § 19:39 —One-on-one communication
- § 19:40 —Innovative approaches
- § 19:41 Internal audits and compliance
- § 19:42 —Internal audit subjects
- § 19:43 —Internal audit organization
- § 19:44 Voluntary disclosure
- § 19:45 —Voluntary disclosure policies
- § 19:46 —Disclosure decisions
- § 19:47 Board of directors involvement
- § 19:48 Compliance organizations
- § 19:49 —Responsibilities
- § 19:50 —Committee membership
- § 19:51 —Multiple compliance organizations and specialization
- § 19:52 Evaluation
- § 19:53 —Surveys
- § 19:54 —Other methods of evaluation
- § 19:55 Employee discipline
- § 19:56 —Types of discipline
- § 19:57 —Disciplinary systems
- § 19:58 Performance appraisal and ethics
- § 19:59 Industry practices in other industries

- Appendix 19-A. Defense Industry Initiative on Business Ethics and Conduct
- Appendix 19-B. Department of Defense Inspector General Voluntary Disclosure Program

CHAPTER 20. LABOR AND EMPLOYMENT ISSUES

- § 20:1 Scope of chapter
- § 20:2 Overview
- § 20:3 Public employers
- § 20:4 Independent contractors
- § 20:5 Federal labor relations law governing union employees
- § 20:6 —Compliance programs as subjects of bargaining
- § 20:7 Labor law restrictions on employee social media policies
- § 20:8 Labor law restrictions on employer rules
- § 20:9 Federal labor relations law governing union employees—Discipline and collective bargaining agreements
- § 20:10 At-will employment
- § 20:11 —Implied contract
- § 20:12 —Public policy
- § 20:13 Investigative interviews of non-union employees and labor law
- § 20:14 Defamation
- § 20:15 Intentional infliction of emotional distress

CHAPTER 21. GLOBALIZING THE COMPLIANCE PROGRAM: WHY AND HOW

- § 21:1 Scope of chapter
- § 21:2 Why globalize the compliance program?
- § 21:3 Legal and enforcement trends around the world
- § 21:4 The application and enforcement of U.S. law overseas
- § 21:5 Global trends—Compliance and ethics programs
- § 21:6 ISO 19600: 2014 Compliance management systems
- § 21:7 The OECD Good practice guidance
- § 21:8 Global trends—Compliance programs under Italian law
- § 21:9 Compliance as a defense in Spain
- § 21:10 Compliance as a defense in other OECD countries
- § 21:11 Compliance programs under French law
- § 21:12 Canadian Corruption of Foreign Public Officials Act
- § 21:13 United Kingdom’s Bribery Act and Fraud Sentencing Guidelines

TABLE OF CONTENTS

§ 21:14	Compliance programs as an obligation in Russia
§ 21:15	Compliance programs in Ukraine
§ 21:16	Compliance program standards in Asia
§ 21:17	Compliance program standards in Latin South America
§ 21:18	The business imperatives
§ 21:19	How to globalize your program
§ 21:20	Codes, standards and procedures, and risk assessment
§ 21:21	Compliance officers, infrastructure and senior management
§ 21:22	Due diligence, background checks and evaluations
§ 21:23	Training and communications
§ 21:24	Audits, monitoring and helplines
§ 21:25	Legal impediments to helplines
§ 21:26	Discipline
§ 21:27	Responses and investigations
§ 21:28	Agents and other third parties
§ 21:29	Translations
§ 21:30	Going forward
§ 21:31	Whistleblowing: A global perspective
§ 21:32	Global whistleblower protection
§ 21:33	Impediments to whistleblowing
§ 21:34	Corporate strategies to encourage communication
§ 21:35	Involve international management
§ 21:36	Clarify what constitutes wrongdoing
§ 21:37	Establish and communicate whistleblowing policies and procedures
§ 21:38	Tailor the message to the culture
§ 21:39	Facilitate the reporting process
§ 21:40	Provide local or regional resources
§ 21:41	Review policies and establish performance measures
§ 21:42	Taking a realistic approach to whistleblowing
Appendix 21-A. Globalizing the Code of Conduct	

CHAPTER 22. IMPLEMENTING A COMPLIANCE AND ETHICS PROGRAM IN CHINA

§ 22:1	Introduction
§ 22:2	U.S. law aspects of implementing a program in China
§ 22:3	U.S. law not applicable in China
§ 22:4	The tyranny of distance
§ 22:5	The Chinese compliance environment—In general
§ 22:6	Changing China and Hong Kong SAR Relationship

- § 22:7 Training
- § 22:8 The role of incentives
- § 22:9 Understanding the law
- § 22:10 Relationship with the Chinese government, the Communist party, and unions
- § 22:11 The role of the party and labor unions in conducting investigations and drafting codes of conduct
- § 22:12 U.S.-China relations
- § 22:13 Chinese employment law
- § 22:14 Anti-bribery legislation
- § 22:15 Privacy, data protection, and defamation legislation—
Implications for reporting systems
- § 22:16 Whistleblower protection
- § 22:17 Joint annual inspection
- § 22:18 Position of supervisor
- § 22:19 Other Chinese laws
- § 22:20 Conclusion

PART III. COMPLIANCE PROGRAMS IN COURT AND BEYOND

CHAPTER 23. COMPLIANCE PROGRAMS AND CRIMINAL LAW

I. IN GENERAL

- § 23:1 Scope of chapter
- § 23:2 Avoiding criminal prosecution through compliance—
Prosecution viewpoint
- § 23:3 Application of Corporate Criminal Compliance Policy:
Compliance and Federal Enforcement Positions
- § 23:4 Federal prosecution of business organizations
- § 23:5 —Relevant cases
- § 23:6 —State and local enforcement positions
- § 23:7 Compliance program as a defense to criminal liability
- § 23:8 —Case law history
- § 23:9 —Jury instructions on significance of compliance
programs

II. TRIAL PRACTICE

- § 23:10 Compliance programs at trial
- § 23:11 Compliance defense themes
- § 23:12 Preparing for cross-examination

TABLE OF CONTENTS

- § 23:13 Preparing defense case-in-chief
- § 23:14 Document preparation and maintenance
- § 23:15 Prosecution cross-examination and rebuttal

III. INDEPENDENT MONITOR

- § 23:16 Court-imposed monitor
- § 23:17 2025 DOJ guidance on monitors

CHAPTER 24. IMPACT OF CORPORATE COMPLIANCE OUTSIDE THE CRIMINAL PROCESS

- § 24:1 Scope of chapter
- § 24:2 Legal framework for vicarious liability
- § 24:3 —Scope of employment
- § 24:4 Recognition of compliance efforts by federal regulatory agencies in civil contexts
- § 24:5 EPA’s self-policing and disclosure policy
- § 24:6 HHS’s model compliance program initiative
- § 24:7 —Model plan for clinical laboratories
- § 24:8 —Compliance program “guidance” for hospitals
- § 24:9 —HHS’s continuing role in compliance
- § 24:10 The Health Care Reform Law of 2010
- § 24:11 FTC competition bureau approach to compliance programs
- § 24:12 Guidance on FCPA compliance programs
- § 24:13 Compliance efforts and punitive damages
- § 24:14 —Specter of punitive damages
- § 24:15 —Vicarious liability for punitive damages
- § 24:16 *Kolstad* and punitive damages
- § 24:17 Sexual harassment in workplace
- § 24:18 —Company policies regarding sexual harassment
- § 24:19 Securities industry Chinese Walls
- § 24:20 —Evolution of Chinese Walls
- § 24:21 —Courts and Chinese Walls
- § 24:22 —Federated proceedings
- § 24:23 —Regulatory guidance regarding Chinese Walls
- § 24:24 Compliance as an international defense
- § 24:25 Modified due diligence standard
- § 24:26 Self-regulatory organizations
- § 24:27 SEC Enforcement Manual and Investigation Cooperation Policy
- § 24:28 Insider trading compliance
- § 24:29 Required privacy compliance programs

- § 24:30 Compliance programs required by state law
- § 24:31 Compliance programs required for U.S. government contractors
- § 24:32 False claims of compliance as a securities fraud
- § 24:33 Commerce Department Enforcement

APPENDICES

- Appendix A1. Chapter 8 to United States Sentencing Commission Guidelines Manual: Sentencing of Organizations (November 2021)
- Appendix A10. Department of Justice - May 12, 2025 Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime, Memorandum to all Criminal Division Personnel by Matthew R. Galeotti, Head of the Criminal Division, Department of Justice.
- Appendix A15. Criminal Division Corporate Enforcement and Voluntary Self-Disclosure—May 2025
- Appendix A20. Memorandum on Selection of Monitors in Criminal Division Matters
- Appendix A30. Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy
- Appendix B. U.S. Department of Justice—Factors in Decisions on Criminal Prosecutions for Environmental Violations in the Context of Significant Voluntary Compliance or Disclosure Efforts by the Violator
- Appendix C. Model Compliance Plan for Clinical Laboratories
- Appendix D. OECD.org - Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions
- Appendix E. Glossary
- Appendix F. Justice Manual (formerly “U.S. Attorney’s Manual”) sections 9-28.000–9-28.1600
- Appendix G. Justice Manual, section 9-47-120 FCPA Corporate Enforcement Policy
- Appendix H. Justice Manual, section 1-12.100 Coordination of Parallel, Criminal, Civil, Regulatory, and Administrative Proceedings
- Appendix I. Organizational Worksheets

TABLE OF CONTENTS

Appendix J.	Federal Antitrust Crime: A Primer for Law Enforcement Personnel
Appendix K.	U.S. Department of Justice Criminal Division Evaluation of Corporate Compliance Programs (Updated September 2024)
Appendix L.	U.S. DOJ Antitrust Division-Evaluation of Corporate Compliance Programs in Criminal Antitrust Investigations-November 2024

Table of Laws and Rules

Table of Cases

Index