



	A Tale of Two Companies

This Session Uses Polling

To Participate in polling

Download “SCCE Mobile” in your app mobile store. Then under the agenda find this session, scroll to the bottom and click “Poll Question” or go to PollEv.com/scce to answer the active poll.

	Introductions

	Introduction & Personal Background
	BETH COLLING Vice President and Chief Compliance Officer
	

CDM Smith

CDM Smith is an **employee-owned**, full-service, engineering design and construction firm that was founded in 1947 in Boston, MA (USA) under the name Camp Dresser and McKee (CDM)

In 2011, CDM acquired Wilbur Smith Associates to expand its global footprint and become a leading global engineering firm

CDM Smith provides integrated services in the following areas:

- Water • Environment
- Transportation • Energy
- Facilities

Provides work in Development Assistance areas

CDM Smith employs approx. 5500 employees worldwide; approx. **1,500 employees work exclusively in foreign markets**

Introduction & Personal Background

REBEKA SPIRES

Director Compliance & Ethics



Louis Berger

Louis Berger

Louis Berger is a global professional services corporation that helps infrastructure and development clients solve their most complex challenges. We are a trusted partner to national, state and local government agencies; multilateral institutions; and commercial industry clients worldwide. By focusing on client needs to deliver quality, safe, financially successful projects with integrity, we are committed to deliver on our promise to provide *Solutions for a better world.*

Louis Berger has a long-standing presence in more than 50 nations, represented by the multidisciplinary expertise of 6,000 engineers, economists, scientists, managers and planners.



Louis Berger

Agenda

A Tale of Two Companies— Experiencing the Best of Times and the Worst of Times through the Eyes of Two Organizations that Considered Themselves Ethical

- Hear how two compliance programs survived and developed during and after settlements with the U.S. Department of Justice, World Bank Group and similar regulatory/enforcement agencies.
- Understand the lessons learned through the real-life experiences of two seasoned compliance officers - lessons that can be implemented in any compliance program, regardless of the existence of external scrutiny.
- Take away three “key mindset” ideas to help your program build the framework necessary to effectively demonstrate solid operations and leadership commitment, if ever asked to do so by regulators, investigators or others.

How long have you been working in a compliance role?

Less than a year. Here to learn what the compliance role might look like.

One to three years. Anticipate my role could be expanding in the coming weeks.

Four to eight years. Yep, I got this.

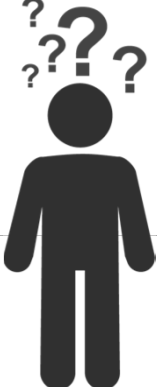

You're a pro! Here to see what new nugget of information you might take back to your team.

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app

9



Surviving and Developing

OMG Phase

What happened? How did we get here?

Key Events

Louis Berger announces settlement with U.S. Department of Justice

Media Release | 5 November 2010

2018
2017
2016
2015
Previous
In the News |
Insights |
Library

MORRISTOWN, NJ—The Louis Berger Group, a leading infrastructure engineering, planning, environmental science and economic development company, announced today that it reached a global settlement with the U.S. Department of Justice related to an investigation of its cost allocating methodologies in place until 2005 for overseas U.S. federal contracts, as well as the misconduct of former employees.

As part of the settlement, LBG will pay a total of \$65 million to the U.S. government. The global settlement is composed of three separate agreements:

- A deferred prosecution agreement with the U.S. Attorney's Office in the District of New Jersey. Per the DPA, upon LBG's successful completion of the terms of the agreement, after two years the U.S. Attorney's Office will defer prosecution of a criminal charge and will seek dismissal of the charge. An independent monitor appointed by the U.S. Attorney's Office will review and report on LBG's compliance with the terms of the agreement.
- A related civil settlement agreement with the U.S. Department of Justice, the U.S. Attorney's Office for the District of Maryland and the relator of a whistleblower lawsuit. In accordance with the agreement, LBG accepts responsibility for the actions of former employees who violated the U.S. False Claims Act.
- An Administrative Agreement with LBG's lead federal International Development. It is a comprehensive agreement presented in the DPA and CSA, in which USAID stat corrective and remedial actions, financial restitution a program provides assurance that LBG's future dealing conducted responsibly.

Media Contact
Alexandra Cuddehe
acuddehe@louisberger.com
212.922.3033/3533

New Jersey company to pay \$17.1 million fine to settle bribery charges

Louis Berger International Inc., a New Jersey-based construction management company, will pay a \$17.1 million criminal fine to resolve charges that it bribed officials to win government contracts abroad, the U.S. Justice Department said on Friday.

Two former executives also pleaded guilty to charges brought under the Foreign Corrupt Practices Act, the department said.

According to prosecutors, the company and its employees bribed officials in India, Indonesia, Vietnam and Kuwait between 1998 and 2010 to obtain government construction management contracts.

About \$1.2 million in bribes were paid to foreign officials, prosecutors said, including by the two former executives Richard Hirsch, 41, and James McClung, 58.

Hirsch was Louis Berger's senior vice president for Indonesia, Thailand, the Philippines and Vietnam, McClung was a senior vice president in India and Vietnam.

The **total** payments were disguised as "consultant fees," "kickback per diem," and "discretionary vendor payments," the Justice Department said.

Louis Berger said in a statement that the treasurer deferred prosecution agreement resulted from its own self-reporting to the Justice Department since 2010, the year the company agreed to pay more than \$60 million to the U.S. government to settle charges for wrongdoing between 2001 and 2007.

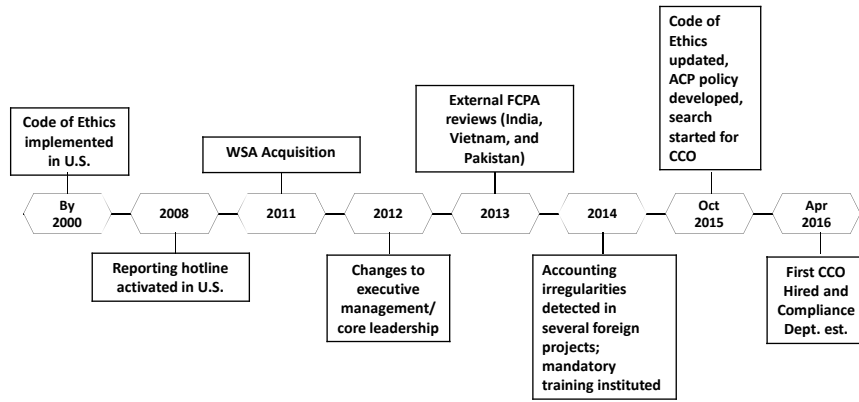
"Today's settlement is the clearest that I believe in our relations, as it was important for us to take responsibility for the historic actions of former managers and close the chapter on the company's pre-2010 era," Louis Berger Chairman Nicholas J. Mancini said in a statement.

The company added that since 2010, it improved its internal controls, policies and procedures and that a government-appointed compliance monitor would test and report on them over the next three years.

Louis Berger, which is headquartered in Morristown, operates in more than 50 countries and has about 8,000 employees, according to its website.

More from Reuters

Timeline of Integration of ICP



13

Regulatory Results – June 2017

- Department of Justice issued a Declination with Disgorgement (disgorged profits of around \$4 million)
- World Bank Group and CDM Smith entered into a Negotiated Resolution Agreement (NRA) that includes a conditional non-debarment. Conditions include the following:
 - Assessment of external Compliance expert who must certify that the Compliance program meets the requirements of the WBG's Integrity Compliance Program.
 - In-depth audit of a World Bank project by external counsel
 - Interviews by the World Bank of key individuals
- Asian Development Bank declined action

14

	<h2>The Right Stuff</h2>
<p>What can be done now? We have to do what, how fast?</p>	

	<h3>Where do you see your compliance program?</h3>	
	<p>It is just getting started. We have a code of conduct, but little else established.</p> <p>Compliance program has been around, but it is ignored at time for other big projects across the company. It would be nice to have more resources.</p> <p>The program isn't that developed, but expect outside influences could change this status. (words like monitor, evaluation, and DPA are spoken softly in very small circles)</p> <p>You have lived through this, like Beth & Rebeka. You want to know if our experiences are similar.</p>	
	<small>Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app</small>	

Identified Risks

- Use of Consultants and Other Third Parties
 - Relatives hired
 - No vetting of Government Officials or such connections
- Lack of proper internal controls
 - Costs related to payments of Third Parties were not verified/some found to be excessive
 - Finance/Accounting did not recognize “red flags”
 - One person can hire sub, approve sub, and pay sub
 - Lack of segregation of duties
- Lack of proper Communication/Education/Training about Integrity Compliance
- Inconsistent way of handling allegations
- Lack of clear standards or standards not translated

17

Challenges/Benefits

- Local government officials don't recognize changes required for ethical business practices
- Entities doing business with CDM Smith refuse to pay invoices unless “facilitation” payment received
- Local employees not properly instructed on the prohibited practices – failure to provide specific examples
- Studies show businesses with robust compliance program get higher Return on Investment (ROI)
- Creates a common Culture of Compliance
 - In the absence of Compliance, Culture takes over
 - Culture trumps Compliance

18

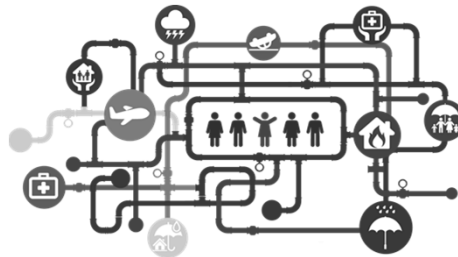


Mind the Gap

The Monitor's Report says what?

Assessment results

- The amount of information provided by internal or external specialists will be overwhelming.
- The key is to try and pick through those “must do activities” and determine what can be done now, what can wait; what can drop.



CDM Smith's ICP – Key Elements

ICP Elements	Required Enhancements
Reporting and Investigations	<ul style="list-style-type: none"> Installed updated Whistleblower Reporting line "The Integrity Line" Employees encouraged to speak up and told it's a duty New Investigations policy and protocol installed Case management system put in place
Internal Controls	<ul style="list-style-type: none"> Added International Controller to staff Implemented new policies related to payment of Third Parties, Business Courtesies and Contributions/Sponsorships Implemented IA process for monitoring
Risk Assessments/Reviews	<ul style="list-style-type: none"> Annual assessments on both project and location basis Annual Certifications to review employees' knowledge Audits from IA for financial and Compliance for adherence Hired head of Treasury with IA experience
Training/Education	<ul style="list-style-type: none"> Annual Compliance Training for all employees with timelines to complete Specialized compliance training for finance staff involved in processing / approving payments Compliance to be integrated into project onboarding activities ("PQM review") Dedicated in-house Compliance site provides articles, videos and other information
Business Partners	<ul style="list-style-type: none"> Extensive Due Diligence Process enacted, including FMV review of costs Screening reviews relatives or govt relations connection Policies developed to govern engagement and retention Additional payment controls put in place to monitor activity

21

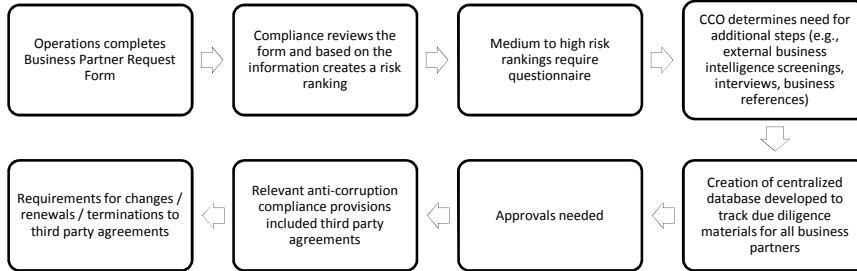
Louis Berger Code of Conduct Refresh

- 1 Sets "Tone at the Top"
What is expected of senior managers
- 2 Presents clear and easily understandable standards and values
- 3 Discusses Ethical Culture /
Doing Right Thing is the Priority
- 4 Launches policies: Non-retaliation COI /
Facilitation / Gifting/Anti-Corruption
- 5 Presents "real life" situations and simple to
understand guidance on how to respond
- 6 Ensures that business activities are consistent
with applicable laws, and client expectations

22

Business Partners: Due Diligence Process

Business Partner Integrity Requirements



Risk-Based Due Diligence Review

Parties are classified as **low**, **medium** or **high** risk based on:

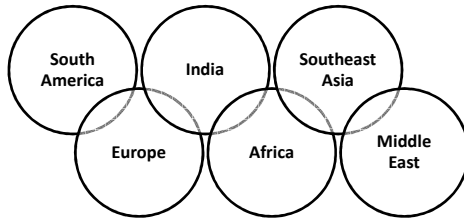
- Proposed location where work will be performed
- Interaction with government officials
- Any known affiliation with government officials
- Selection of third party (competitive bid, recommendation, etc.)
- Payment of third party (FMV of services; advance payments; success fees, etc.)



Infinity and Beyond

Global Risk Assessments

Risk Assessments conducted in regional centers and project offices:



- Risk assessments conducted with assistance from **Compliance Consultant** and **Third Party Consultant**
- Involved **in-country interviews** and **sample transaction testing**
- **Ongoing plan for additional testing** of other international locations

Risk Areas Assessed	
Management tone, culture, reporting and investigation	Charitable and political contributions
Employee understanding	Regulatory requirements and resolution of disputes
Dealings with government officials	Payments and use of company resources
Project awards	Use and management of cash
Business partners	Payroll
Business courtesies	Books and records

25

Continuous Improvements

- Awareness Programs
- Increase Employee Ownership
- Preventing Fatigue

Dark cloud of legal trouble begins to lift away from Louis Berger

By Peter Trollo, Jeff Tyson 31 August 2015 | Deves



A gavel in a courtroom. Deves has pieced together a perspective on Louis Berger's slide toward legal problems and the actions that helped contain the backlash and allowed the company to move on. Photo by [Shawn FCG-BY-NC](#).

One of the biggest corruption cases in the aid industry appears to be coming to a close. Louis Berger, a major infrastructure contractor with annual revenues of \$1 billion, recently pleaded guilty for the first time to charges originally stemming from its work on U.S. Agency for International Development-funded projects in Afghanistan beginning in 2002 but then stretching far beyond. Multiple employees, including the company's former chairman and CEO, have been found guilty of criminal charges, and authorities as far away as India have made arrests, including the former chief minister of the Indian state of Goa, who was charged this month with "disappearance of evidence."

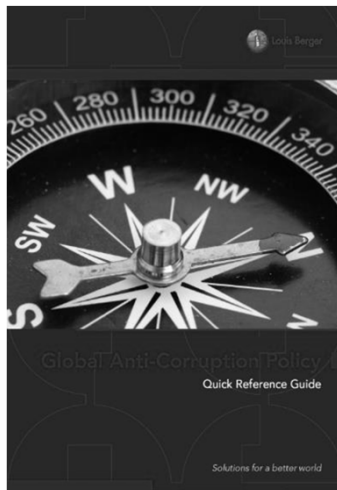
The story of the company's rise, fall, and what may be a new beginning offers fresh lessons to an industry still reeling from the suspension and debarment cases of nonprofits Academy for Educational Development and International Relief and Development. Over the past month, Deves has spoken extensively to top Louis Berger executives and key sources close

26

Internal Programs



Keep Content Fresh



Global Anti-Corruption Policy Quick Reference Guide

Policy & Quick Reference Guide Summary

The nature of our business often requires that we interact with officials of various governments around the world. Our Code of Business Conduct, this law and our Global Anti-Corruption Policy (hereafter referred to as the "Policy") establish certain limits on those interactions, particularly where we might be providing something of value to a government official.

The Policy is intended to provide a level of awareness about the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act ("UKBA") and other anti-bribery laws in order to avoid business relations with or through prohibited means in order to them to be addressed appropriately. A violation of anti-bribery laws can result in civil and criminal penalties. Therefore it is vital that we not only understand and appreciate the importance of the Policy, but comply with it in our day-to-day work.

This Companion Guide serves as a supplement to the more detailed and robust Policy. The purpose of this document is to provide you with a user-friendly high level overview of our Policy key terms and definitions as well as frequently asked questions & Case Studies for you to understand how the Policy comes into play in your day-to-day activities. In addition, it is intended to provide employees with a level of awareness about the FCPA, the UKBA and other anti-bribery laws in order to present business relations and to manage potential issues in order to them to be addressed appropriately.

Policy Applicability
The Policy and Companion Guide applies to all employees of Louis Berger and its world-wide wholly owned companies, including officers, directors, and agents, independent of whether they are U.S. citizens.

Policy Overview
Background:
Louis Berger and its wholly owned companies are committed to doing business with integrity. This means avoiding corruption of all kinds, including bribery of government officials. We will abide by applicable anti-bribery laws, including the FCPA, the UKBA, and the local laws in every country in which we do business. There have been prohibitions of government officials broadly defined in the United States and with regard to the FCPA, in particular, mandate that companies establish and maintain accurate books and records and enforce internal controls. The UKBA also prohibits private entities (commercially known as "Section 13" Policy) and U.S. General Anti-Corruption Requirements for All Louis Berger Employees.

Our company has incorporated a prohibition against bribery into our Global Anti-Corruption Policy and our Code of Business Conduct. The Policy provides compliance requirements to prevent improper payments and is a crucial, available, up-to-date reporting of prohibited payments under applicable law.

PROHIBITION ON BRIBERY

Corruption may prohibit companies and their employees and representatives from giving, promising, offering or authorizing payment of anything of value to any government official in order to obtain or keep business or to secure some other improper business advantage. In contrast, these laws prohibit the giving of anything of value to influence a government official's actions. Prohibited payments include, but are not limited to, those designed to:

- induce the recipient to assist in contract to Louis Berger;
- obtain or change a license or business transaction that would not otherwise be available to Louis Berger; or
- circumvent or cause non-enforcement of laws or regulations applicable to Louis Berger.

The prohibition on bribery applies to the giving of anything of value, not only money. This includes providing business opportunities, favorable contracts, stock options, gifts and entertainment. Such payments are barred even if:

- The benefits to business other than the party making the payment;
- The business sought is not with the government;
- The payment does not result in obtaining the government official's consent;
- The foreign government official is not registered the payment.

The UKBA also specifically prohibits the offering or acceptance of corrupt payments and other advantages between private (non-government) persons and entities. Such conduct constitutes commercial bribery often called "kickbacks". Such conduct is prohibited by our Policy and our Code of Business Conduct. (See Sections 1.0 "Policy" and 3.3 "General Anti-Corruption Requirements for All Louis Berger Employees.")





Three Take-Aways

Thank you

For questions or more information -

CONTACT

Beth Colling

+1-617-452-6548 (office)

+1-434-546-5057(cell)

Email: collingmb@cdmsmith.com

Rebeka Spires

+1-202-303-2810 (office)

Email: rspires@louisberger.com