

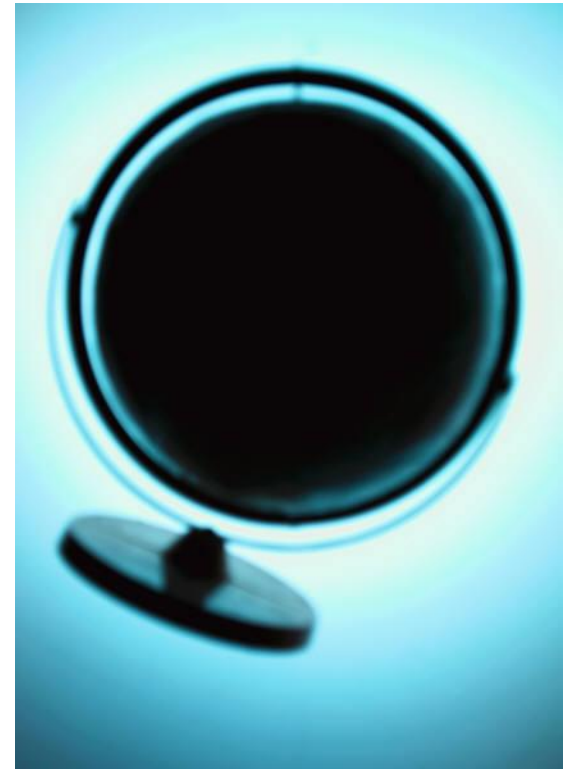
# GLOBAL ANTI-BRIBERY AND ANTI-CORRUPTION PROGRAM



# Overview

As a global enterprise, the Dollar Financial companies have legal and ethical responsibilities to compete for business **on their merits** and on a **level playing field**

- We must comply with **anti-corruption laws** (e.g. US FCPA and UK Bribery Act) and **international anti-corruption conventions** in the countries in which we operate
- Prohibited activities are **much the same** under these various laws and conventions
- It is a **new era of enforcement** for anti-corruption authorities everywhere



# Fighting Corruption is a Global Effort

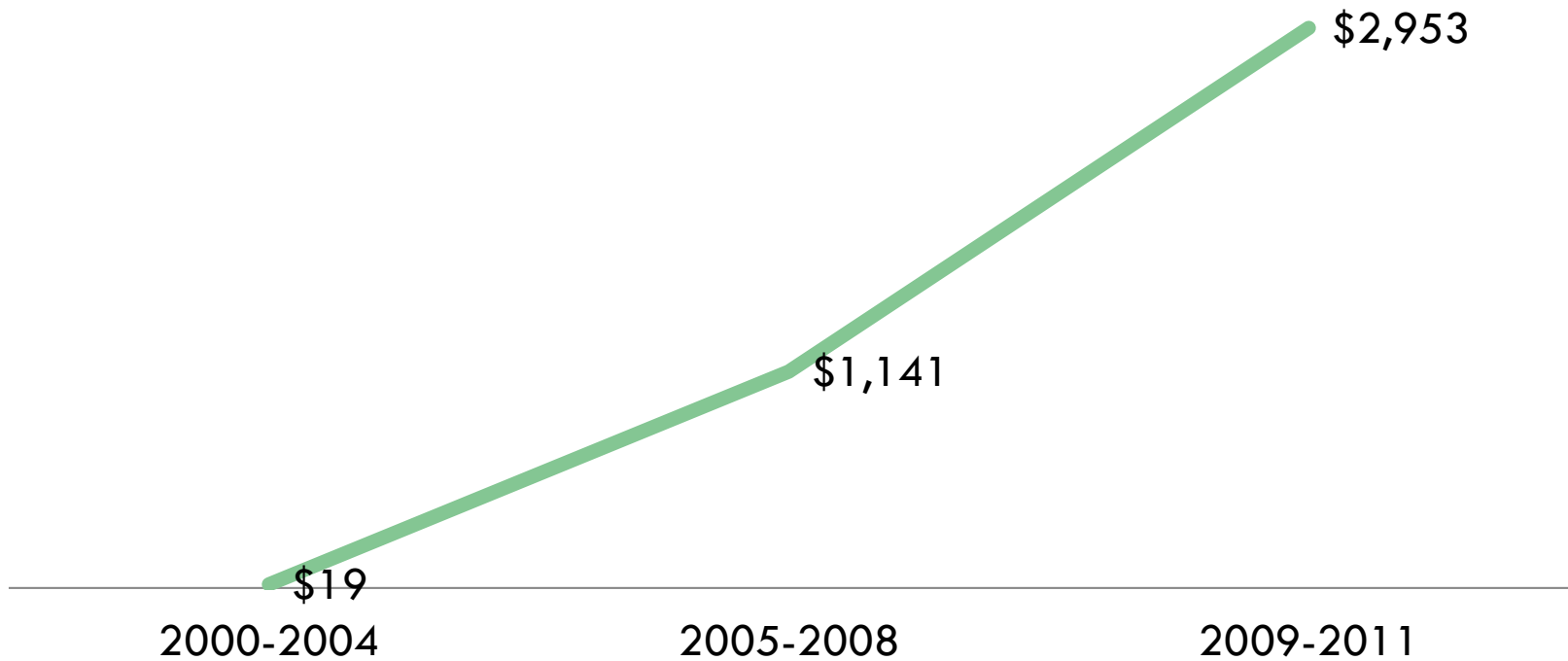


Assistant U.S. Attorney General  
Lanny Breuer:

“The world has witnessed historic changes in the last year that highlight the importance of our mission to fight corruption at home and abroad, including by enforcing the FCPA.... We cannot eradicate corruption solely by bringing prosecutions in U.S. courtrooms. We need strong partners across the globe who are equally committed to that fight and who have the capacity to carry through on that commitment.” (Nov. 2011)

# Anti-Bribery Enforcement - Big Business!

## FCPA Civil and Criminal Penalties (in Million USD)



# The Program

The best way to avoid trouble is to follow the Company's **Global Anti-Bribery and Corruption Program**

- The program includes **policy** and **training** to avoid or lessen the risks of bribery and corruption
- As employees, we must **be alert** for possible “corrupt payment” issues, **report** them, and **follow up** in the event of no response



# What's At Stake

Involvement in any type of bribery or corrupt activity is costly!

- ❑ Creates adverse publicity
- ❑ Hurts employee morale
- ❑ Significant costs of investigation and defense
- ❑ Substantial fines and prison terms for employees
- ❑ Higher fines and penalties for companies
- ❑ Possibility of other legal actions



# Basic Principles

## Anti-corruption basics:

- Bribe doesn't have to be successful or accepted to be illegal – an offer or promise to pay is enough
- Payment, offer or promise does not need to be money – can be anything of value
- Payment, offer or promise is “corrupt” if it was intended to secure an improper business advantage
- Payment, offer or promise to a third party is illegal if we know or should know that the third party will make a corrupt payment on our behalf
- Our policy and UK Bribery Act prohibit being bribed as well as bribing another





# Monetary Payments



**Direct cash payments** made to secure an improper business advantage are **most obvious type of bribe**

Payments by agents on our behalf present more difficult compliance challenge

- If agent used part of consulting fee to pay bribe, bribe may be imputed to us

Facilitating payments are permissible under some **anti-corruption laws** (e.g. UK Bribery Act)

- **We treat all cash payments the same**
- We must know **how much** we paid, **to whom** we paid it, and that it was paid for **permissible purpose**



# What Would You Do?

With the help of a local broker, we entered into an agreement to sell gold to SmeltMax. We paid the broker a large, but appropriate, commission for her work. The broker then tried to find new gold smelters for us in other countries. You have learned that the local broker might be using part of his commission from the Company to buy lavish gifts for executives of other gold smelting companies. Is there a “corrupt payment” issue here us?

- A. No, because we didn't make any gifts, nor did we have direct knowledge that our local broker did.
- B. Maybe, if the local broker was giving monetary gifts to the gold smelting executives.
- C. Yes.

# Gifts



Giving gifts can be a common practice but may raise "corrupt payments" issues

Guidelines:

- **Culturally appropriate** and **reasonably priced** gifts are permissible
- Intrinsic value of item should **not** exceed its ceremonial value
- **Don't give cash** or cash equivalents
- Putting company logo on expensive gift does **not** make it permissible

You must know **to whom** your staff is giving gifts and **what the gifts are**

# Do's and Don'ts: Gifts

## DO'S

- Reasonably priced and culturally appropriate gifts are generally permissible.
- Tailor the value of the gift, meal or other payment to the standard of living in the country where it is made.
- The gift should be commensurate with the legitimate and generally accepted local custom for such expenses by private business persons in the country.
- Record all gifts given, including the amount spent per person.

## DONT'S

- Do not give gifts of cash (or cash equivalents, such as gift cards) — even if that is the local tradition.
- Do not put a company logo on an otherwise impermissible gift - it does not make the gift permissible.

# Meals and Entertainment

Whether the Company can pay for a third party's meals/entertainment depends on the circumstances:

- What is the value of the meal relative to other party's **financial position** and **standard of living**?
- Have we paid for meals for same party on **multiple occasions**?
- Is there a **business purpose** for the event?

Enforcement authorities look at **value of gift as evidence of intent**

- **Unreasonableness of expense is strong evidence of corrupt intent**



# Do's and Don'ts:

## Meals and Entertainment

### DO'S

- Paying for a meal with a foreign official or other third party is permissible in appropriate circumstances.
- The payment should be made directly to restaurant and should be of a reasonable value.
- Record all payments accurately, including the amount spent per person and the number of officials at the event.
- Be sure to aggregate all amounts paid for the same party to assess their permissibility.

### DONT'S

- Paying for a meal will appear to be a "corrupt payment" if the value of the meal is high in relation to the other party's financial position and the standard of living in the country.
- Don't pay for the meals or entertainment of the other party's family members.

# Travel Expenses

Paying travel expenses requires **legitimate and provable business purpose**



## Guidelines:

- Let other party select attendees
- Limit non-business activities on itinerary
- Limit time attendees spend at non-business events
- Treat attendees same as colleagues
- Pay travel expenses directly to providers, rather than by reimbursements



# Do's and Don'ts: Travel Expenses

## DO'S

- Be sure that all third-party travel expenses paid for by the company are *incidental* to a legitimate business purpose.
- Limit the number of non-business activities on the itinerary and the time that attendees spend at non-business events.
- Treat the attendees the same as you treat your colleagues in terms of the types of airline tickets and hotels that you pay for.
- Pay directly for airline tickets, hotels, etc., rather than reimbursing the other party for his/her expenses.
- Record all payments accurately, including the amount spent per person and the number of third parties at the event.

## DONT'S

- Don't arrange for the other party's lodging for more days/nights necessary to attend the business event.
- Don't pay for golf outings, side trips to sightseeing destinations, etc. — even if business is discussed — if the primary purpose of these events is simply "relationship-building."
- Don't pay for the travel expenses of the other party's family members.

# What Would You Do?

Ken is a senior manager in our finance department and has worked with auditors at FINTRAC (the Financial Transactions and Reports Analysis Centre of Canada) for several years. They have provided helpful information and feedback over the years and he would like to show his appreciation. He is considering several options but wants to make sure he follows our gift giving policies. Which of Ken's options will best follow our policies?

- A. Host a dinner at a fine restaurant and pay for all of the food and drinks for the team and their spouses.
- B. Send each member of the FINTRAC audit team a card of thanks and a box of chocolates.
- C. Take the team members on a three-day trip to Las Vegas.

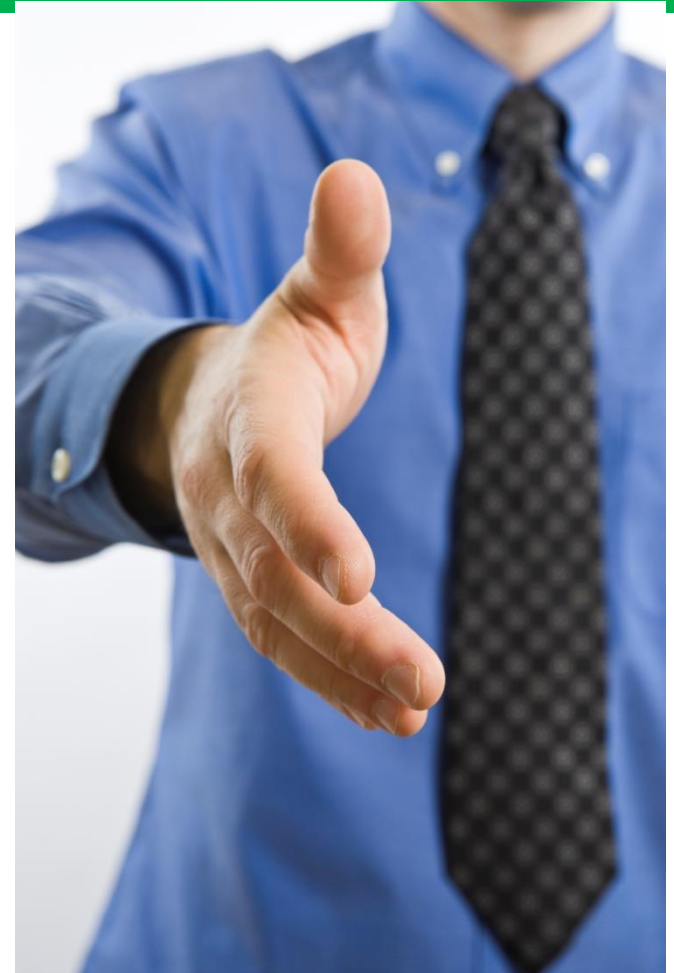
# Acts by Agents

**We are responsible for actions that third parties take on our behalf**

## Guidelines

- Conduct due diligence and/or **background check** on new agents
- Have **written contract with anti-corruption certification** for all agents
- Require agent to be **specific about fees and services**
- Insist on **detailed invoicing**

You must know **with whom we are doing business** and **what agent is doing to earn his/her fee**



# Do's and Don'ts: Agents

## DO'S

- Conduct careful diligence into a new agent's business, history and third-party relationships.
- Obtain annual certifications from agents that they will comply with all applicable anti-corruption laws and conventions.
- Use written contracts whenever possible.
- Be sure that our company and auditors have the right to audit the agent's books and records.

## DONT'S

- Don't agree to pay retainers or advances for unspecified services.
- Don't do business with agents who refuse to provide compliance certifications or audit rights.
- Don't hire a third party who is related to (or otherwise has a close relationship with) a foreign government official without prior approval of our Legal Department.

# Red Flags

"Red flags" to watch for:

- ▣ Transaction involves **high-risk country or region**
- ▣ Party to transaction is affiliated with a **government official**
- ▣ **Agent refuses to disclose** with whom it will be sharing profits/commissions
- ▣ Agent appears to **lack resources or qualifications**
- ▣ Agent has a **reputation for paying bribes**
- ▣ Agent is charging **high commissions** or requests **success fee**
- ▣ Agent requests **payments to third parties** or checks for **"cash"**



# What Would You Do?

We are considering expanding our operations into a foreign country. The operations and real estate teams agreed to hire a local business consultant to help us identify real estate sites, and we agreed to pay the consultant local processing fees. What additional questions should we ask to assess the legality of the arrangement with the consultant?

- A. What country is it?
- B. How much will the consultant be paid?
- C. What do the “local processing fees” consist of?
- D. All of the above.



# Recordkeeping Requirements

As required by U.S. law, the Company has established **financial and other controls**

We must maintain records that **accurately reflect all transactions**

Enforcement authorities have focused on three major types of recordkeeping problems:

- **Failure to record** improper transactions
- **Falsification** of records to make improper transactions appear proper
- **Records that don't include enough information** to indicate whether they were proper or not



# Penalties

## Penalties are significant!

### US FCPA

- Individuals: Up to \$250,000 per violation and 5 years in prison for bribery; up to \$5 million and 20 years for recordkeeping violations
- Company: Up to \$2 million per violation for bribery and up to \$25 million for recordkeeping violations
  - Forfeiture of property
  - Debarment from government contracts
  - Private civil lawsuits

### UK Bribery Act

- Criminal prosecution, fines, imprisonment up to 10 years



# What Would You Do?

Bob from IT and Mary from Accounting put their heads together and devise a way to reduce our licensing fees by using Twitter to make “micro-payments” to officials in various jurisdictions. It was a new and untested approach that could save the Company huge amounts of money. Should we try it?

- A. Yes, because enforcement authorities would be lenient on something new and untested.
- B. No, unless we get prior approval from the Legal Department.
- C. Maybe, as long as no anti-corruption laws make it clearly illegal.

# If You Spot an Issue...

## **We are counting on you!**

- It is your **duty** to inform your manager or Legal Department of red flags/issues
- Company will conduct **prompt and thorough investigation**

## **We will not retaliate for —**

- Making good-faith report
- Refusing to comply with violation of law
- Participating in investigation

