How to Mitigate Risk in Your Meeting & Events Program

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Meetings remain a necessary way for us to communicate information, build relationships, and sell to our customers.

BUT, like with many things, there is a degree of risk associated with meetings, and where there's risk, there's also the responsibility of those of us in the industry to mitigate that risk.

The stakes of not managing meeting risks are high as corporations leave themselves open to significant brand damage, financial penalties and losses, law suits, loss of competitive information, duty of care failures, employee safety and security, embezzlement, and bribery. Employees are at risk, damages can be in the millions, and the harm to a company's brand can be inestimable.

This eBook takes an in-depth look into the risks associated with meetings and focuses on the:

- Six main categories of risk and their potential consequences
- Mitigation strategies for each risk type

- Guiding principles in addressing regulatory risk

The mitigation strategies offered here address (1) meetings-specific risks, and (2) general principles for addressing compliance regulations.

Risk Areas and Potential Consequences

There are six primary areas of risk faced by organizations that cause employees, brand and finances to be at risk, including:

Duty of Care Lapses – put employees at safety risk, expose the organization's brand, and put it at financial and legal risk. This is a risk area with many components, including the safety and security of meeting attendees, exposure of the brand to negative attention (think AIG and partridge hunting), financial exposure through misappropriation of funds, or legal exposure resulting from employees caught in the act of bribing foreign government officials, or the lawsuits of survivors, suing because their loved ones died in a fire in a hotel without sprinklers.

Regulatory Violations – expose an organization to government penalties and oversight. For example, between the years 2009-2012 pharmaceutical companies paid penalties of close to $9B for improper promotion of their products. While the bulk of these fines were imposed because of off-label promotion and misbranding, illegal marketing and promotional activities (which take place at meetings) were often a component of the prosecutions. Important regulations to be aware of are (1) Foreign Corrupt Practices Act, (2) UK Bribery Act, (3) Physician Payment Sunshine Act, (4) Financial Industry Regulatory Authority / National Association of Securities Dealers Rules, and (5) Corporate Manslaughter & Corporate Homicide Act, each of which can leave your organization exposed financially and legally.

Signature Authority Breaches – put an organization at risk when employees contractually commit to venues above their signing authority limit. One example of this is when an administrative assistant signed a venue contract worth $1.2M late one Friday afternoon. On Monday morning she gave the contract to her VP Marketing, who had over the weekend decided to move the sales event from Houston to Dallas. The administrative assistant called the hotel to cancel, and was told the penalties would amount to $700K. Needless to say, a great hubbub ensued, which was largely resolved in the client's favor.

Fiduciary Responsibility – leads to missed savings opportunities and potential improper usage of funds. This is a two-pronged problem. On the one hand, many organizations are missing out on significant cost savings (15-25%) by not having dedicated sourcing specialists aggressively negotiating hotel contracts, and on the other hand, many organizations are exposed to improper usage of funds due to inadequate processes, controls and audits. Some of the examples raised by internal audit departments over the years include the redirection of funds by meeting owners to family members, fraudulent use of corporate and/or meeting cards, acceptance of hotel rewards by meeting planners (flat screen TVs, etc.), and onsite upgrades by meeting attendees.

Cancellation and Attrition Penalties – lead to considerable financial risk, since 25% of all meetings are cancelled. While working on a global account, I witnessed a number of instances where events were cancelled, and it was only through the application of protective cancellation clauses in the hotel addendum that the company avoided penalties in the hundreds-of-thousands of dollars each time.

Inaccurate Data Entry – leads to improper reporting to senior executives, compliance monitors, and downstream security systems. Dozens to hundreds of data errors can be entered into your data collection system without proper oversight.

Now let's look at mitigation strategies to overcome these risks.

Mitigation Strategies by Risk Type

Risk management overall is a hot topic for most companies, but very little is known about the specific risks as they apply to the meetings and events space, and the strategies that can be applied to mitigate these risks. Following are risk mitigation strategies by risk type.

Duty of Care Lapses

There are two main areas in meetings and events in which Duty of Care lapses can impact a company, and they are (a) safety and security, and (b) brand exposure; both of which can lead to financial and legal impacts. Solutions should be built to address each of these areas, including the following:

Safety/Security:

1. Develop processes to find, contact and evacuate meeting attendees in emergencies
2. Ensure the pass-through of contact information and attendee location data to your security services provider
3. Develop policies regarding driving after late night arrivals
4. Develop policies regarding alcohol consumption at company events

5. Contract with a security services company to distribute pre-trip health and security advisory information
6. Develop a data protection policy for travelers (locks, safes, seizures, etc.)
7. Include in-room safe requirements in venue RFPs and hotel addenda
8. Include fire system requirements in venue RFPs and hotel addenda

Brand Exposure:

9. Develop a policy on meeting optics (resorts, pheasant hunts, etc.)
10. Develop a policy on venue sharing with competitors
11. Include in venue RFPs & hotel addenda language regarding competitors
12. Develop a policy on acceptable event activities (fire walking, arrow breaking, etc.)
13. Develop a policy on acceptable gifts (varies by industry)
14. Develop a policy on spend per diems (varies by industry)

Generally speaking, to protect employees and avoid prosecution for Duty of Care lapses, organizations should be certain of the following:

15. The Board of Directors and executive leadership should overtly demonstrate a commitment to Duty of Care
16. The organization should provide mechanisms for upward and

downward communications regarding Duty of Care

17. The organization's workforce should be engaged in promoting and achieving safe workplace conditions
18. High quality training should be provided to all appropriate employees regarding any area of operations where Duty of Care is impacted
19. Health and safety risks should be proactively identified by the Board of Directors, enterprise risk management (ERM) specialists, and employees
20. The Board of Directors should access and follow competent advice regarding all aspects of the Duty of Care program
21. The Board of Directors should monitor performance of the various aspects of the Duty of Care program

One of the best sources I have found on Duty of Care is a guidance on the *Corporate Manslaughter and Corporate Homicide Act, 2007*, issued in the UK by The Institute of Directors and the Health and Safety Executive, which can be found here.

Fiduciary Breaches

The three big areas of potential fiduciary breaches in meetings are (a) not achieving the maximum amount of savings during contracting (b) misappropriation of funds, and (c) process inefficiencies. Solutions in this area include:

Savings:

22. Use internal or external sourcing professionals to drive the highest level of savings obtainable
23. Develop a savings program, including documenting saving types that can be achieved
24. Operationalize the savings program through the automated workflow of your meetings software
25. Develop reporting mechanisms to track and evaluate savings results

Misappropriation of Funds:

26. Conduct periodic and randomized audits to identify embezzlement of fund schemes, such as:
    - Shell company schemes
    - Pass-through schemes
    - Pay-and-return schemes
    - Personal-purchase schemes
27. Periodically review venue contracts for the misappropriation of hotel reward points and merchandise

Process Efficiencies:

28. Conduct periodic process reviews to evaluate the end-to-end sourcing and planning processes to determine if they can be made more efficient, thereby enabling headcount reductions

Signature Authority Breaches

In a meetings and events context, a signature authority breach typically means that an employee of your organization without the proper signature authority level has signed an agreement with a venue, thereby binding your organization to the terms and conditions of the agreement. Internal procedures and controls, such as signature authority matrices, approval processes, employee training and contract reviews, are essential to prevent these types of breaches.

29. Design and implement procedures to ensure compliance to signature authority
30. Educate signers and their leaders as to appropriate signature levels, and the potential consequences of signing above the signature authority level
31. Implement contract reviews for contracts over a certain amount
32. Conduct periodic and randomized audits of venue contracts to validate signature level of the contracting party

Cancellation & Attrition Penalties

This is an area where inexperienced employees negotiating venue contracts can expose the organization to considerable risk.

Generally, cancellation and attrition penalties are incurred on guest sleeping rooms and food and beverage. Some level of penalty makes sense because hotels remove the meeting space and guest room from inventory once a contract is signed, and there is an opportunity cost to the hotel if the event is cancelled.

The question is, “What is the correct level of compensation?”

Hotels will often try to maximize revenues from a cancelled event by offering a cancellation schedule that imposes the highest level of penalties as possible, as far out as possible. They will also try to collect for sleeping rooms, even if those room nights were later sold to other guests.

Penalties should only be applied to the net profit the venue stands to lose, as opposed to the negotiated rate for the room, This is because the hotel only stands to lose the net profit, and not the fixed cost of preparing the guest room for occupancy, which it incurs anyway.

Similarly, they will try to collect fees on food and beverage, even though supplies for the meals to be served at the cancelled event will largely not have been purchased until a few days before the event, and the meals will not be prepared until the day of the event.

Following is best in breed cancellation and attrition language for guest rooms and food and beverage that counter the penalties as proposed by most venues.

33. Develop or modify hotel addendum cancellation language to reflect best in breed:

Sleeping Rooms - Duration Prior to Operation	Cancellation Penalty
271 + Days	No Cancellation Fee Imposed
270-180 Days	25% of Anticipated Net Profit Less Any Sleeping Rooms Resold
179-90 Days	50% of Anticipated Net Profit Less Any Sleeping Rooms Resold
89-31 Days	70% of Anticipated Net Profit Less Any Sleeping Rooms Resold
30 Days or Less	80% of Anticipated Net Profit Less Any Sleeping Rooms Resold

“Net Profit” is defined as up to 70% of estimated total sleeping room revenue (excluding tax)

Food and Beverage - Duration Prior to Operation	Cancellation Penalty
60-20 Days Prior to Event	80% Can be Cancelled at No Cost
20 Days or Less	20% Can be Cancelled at No Cost

“Net Profit” is defined as up to 30% of estimated total food & beverage revenue (excluding tax, gratuity, and service fees)

34. Develop or modify hotel addendum attrition language to reflect best in breed:

Sleeping Rooms and Food & Beverage - Duration Prior to Operation	Attrition Guidelines
Date of signature of addendum up to Departure Date	20% of the contracted sleeping room block and 20% of estimated total Food and Beverage charges maybe cancelled without penalty

- For any sleeping room nights over and above these allowances, the client will pay one (1) night's net profit for each sleeping room, to be paid after the program has completed.
- The hotel agrees that no attrition will be charged, when on any night within the contracted dates all of the hotel's available sleeping rooms, exclusive of the committed room block, are sold.

Reporting Inaccuracies

The meetings technology system that is part of your strategic meetings management (SMM) program informs at least nine different critical areas of your SMM program, as shown in red in the graphic. If your data are not accurate, the downstream impacts can be significant, such as when you are trying to track down travelers during an emergency, or reporting to a regulatory body or the CFO.

Before we review mitigation strategies I will first walk through how data flows through a meetings technology system.

Garbage In, Garbage Out

Data entry into meetings software is handled through imports from

Excel, data feeds from other systems (e.g., HR) and manual entry by any of the following user types:

- Meeting planners
- Sourcing specialists
- Group air agents
- Operation managers/directors
- Invitation website designers
- Meeting owners
- Meeting attendees
- Travel and Meeting Managers
- Technology system administrators
- Financial analysts

In other words: Lots of ways to enter garbage by lots of users!

They can make errors of commission, but also of omission, and any one of your ten user types can upload a file, manually type information into the meeting profile, budget module, or RFP section, resulting in numerous mistakes in fields such as:

- Event dates
- Number of attendees
- Attendee names
- Contracted rates per attendee
- Venue location

They can also forget to enter data in these fields, leading to other kinds of inaccuracies. Mistakes in any of the five fields mentioned above will have serious ramifications for all nine report types shown in the Data Collection graphic above, but perhaps most importantly you could:

- Have serious problems locating travelers en route and on site during emergencies, making evacuation more difficult
- Have ground transportation show up on the wrong day, leading to stranded attendees
- Have arrivals and departures at the hotel set for the wrong days, causing undue hardship on attendees and speakers
- Misreport amounts spent on doctors, causing regulatory problems
- Misreport SMM program costs to the CFO, leading to unwarranted budget cuts or expansions

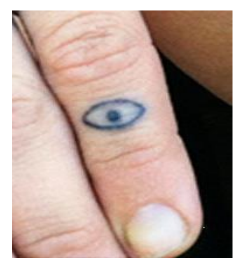
Three Things You Should Do Immediately

35. Do not be overly demanding in data collection requirements. Nobody likes filling out endless forms. I have seen meeting request forms with more than 70 fields to be completed. The more you ask of your users, the more likely they are to resist completing all necessary fields. So cut down on the number of fields by critically evaluating every data entry field to determine if it is mission critical to the report types you require to manage the

operations, supplier management, security, compliance, and financial reporting imperatives of your program. Better yet, develop a reporting strategy covering the nine areas of reporting shown in the attached graphic, and map every data entry field back to a specific data point in your reporting strategy.

36. Cut down on data errors by using drop down menus, mandatory fields, and tab next to walk through data entry
   - Use drop down menus to populate fields with variable spellings, such as venue name, chain, city, country, etc.
   - Use mandatory fields to force users to provide all critical information prior to submitting the form
   - Use tab next to force users through the workflow of the form

37. Implement intermediary processes to check data quality and ensure accuracy and completeness. Above we discussed how information flows directly from the fingertips of your users to the eyeballs of your CFO, with no intermediary buffer. However, there are two ways to insert a buffer, one manual and one fully automated.



   - The manual solution is to simply have every completed form routed to another person to review all data entry fields for completeness, reasonableness, typos, empty fields, approvals received, proper dates, and locations, etc. Imagine the poor person doing this job! Human error is bound to creep in again after a few hours of doing this thankless task.

- The second way of ensuring accuracy and completeness is to use a fully automated middleware system (such as Meetings Analytics) to review every record for these types of errors. This solution uses a rules engine to test every record against a pre-agreed upon set of exception rules. These rules look for the exceptions described above, but additionally they can determine whether actions were taken or not, and whether on time. For example, one exception might be whether a sourcing specialist turned over an event to a meeting planner, and if not, the middleware can generate a warning to do so. This way a meeting never falls between the cracks. The system can also generate periodic exception report summaries that help educate users so they don't repeat their mistakes.

Regulatory Violations

There are four main areas of regulation that impact meetings, and they are the: (1) Foreign Corrupt Practices Act (2) UK Bribery Act (3) Physician Payment Sunshine Act (applies only to the pharmaceutical industry), and (4) Financial Industry Regulatory Authority / National Association of Securities Dealers Rules (applies only to the financial services industry). This section reviews general principles for addressing compliance regulations, as well as meetings-specific strategies for each of the four regulations.

Paul McNulty and Stephen Martin wrote a piece on the guiding principles of regulatory compliance management called Five Essential Elements of a Corporate Compliance Program, which they based upon the best practices of a number of compliance programs from around the world. The five essential elements are:

38. **Leadership** – senior leadership must demonstrate an "unambiguous, visible, and active commitment to compliance." Companies must also demonstrate their commitment to compliance by ensuring that compliance officers have the means and ability to drive the necessary changes required to comply with the regulations. The Board of Directors also plays a critical role by making sure policies, procedures and tracking mechanisms are in place, and by overseeing the implementation and efficacy of the program.

39. **Risk Assessment** – risk assessments identify areas of risk so organizations can prioritize which areas to address, and in which order. Risk should be evaluated at the following levels: (1) country level, using the Corruption Perceptions Index as a starting point to identify at-risk markets (2) business sector level, if your

industry is already under scrutiny, or if it is known for corruption (3) project level, if the project involves many third-parties and subcontractors (4) relationship level, if contact with foreign government representatives is required, and (5) transaction level, where third-parties might be needed to obtain licenses that require facilitation payments or other contributions.

40. **Standards and Controls** – while companies typically have codes of conduct, and policies and procedures, these recent regulations require extended controls on third-party companies representing an organization, such as criminal background and financial stability checks, and checks on their association with government agencies and representatives.

41. **Training and Communication** – as part of a strong compliance program, company officers, employees, and third party companies must be trained on the laws, corporate policies and the conduct proscribed by the regulation. Enforcement officials will want to ascertain that training was efficacious, and will do so by evaluating who was trained, how they were trained, and how frequently they were trained. The key elements in a training program are (1) the prioritization of training by high risk roles and countries (2) training the high risk people and countries (use the Corruption Perceptions Index and your corporate internal audit team to prioritize the countries for training), and (3) customizing the training per region, country, industry, areas of compliance and

types of employee.

42. **Oversight** – monitoring, auditing and responding quickly to allegations of misconduct are critical elements that enforcement officials will look for in determining if a company has made efforts to address compliance.

    Monitoring is a continuous process undertaken by operations or compliance staff under the oversight of management, which ensures that procedures are operating as planned. Companies should create monitoring mechanisms that utilize a consistent set of protocols, checks, and controls to identify issues and resolve them quickly.

    Auditing is a more formal and disciplined approach to evaluating and improving the efficacy of processes and related controls. Personnel who are independent of the processes being audited should conduct the auditing.

    Remediation is the act of responding to and fixing identified problems. Each company should have established procedures for conducting internal investigations and initiating disciplinary action.

Now that we have reviewed the five general principles of compliance, we will review the solutions for each of the four regulations described above.

Foreign Corrupt Practices Act:

The anti-bribery provisions of the FCPA are similar to UK Bribery Act, in that both are meant to address corruption associated with obtaining or retaining business.

The FCPA specifically speaks to making payments to foreign officials by US individuals, foreign companies that issue securities, and more recently, foreign companies or persons who undertake to make corrupt payments while located in the US.

The concept of foreign official is a broad one, and can even include doctors in countries with socialized medicine, where the doctors are employees of the state.

The Act forbids the corrupt "offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to" any foreign official. Ultimately the US government is most concerned with the intent of bribery rather than the amount or value.

There are implications for meetings and events in a number of areas:

T&E – legitimate and reasonable travel & entertainment expenses are allowed as long as they are valid expenditures made in connection with "the promotion, demonstration, or explanation" of an organization's products or services. Any expenses perceived as a junket will certainly catch the attention of the Department of Justice or the Securities and Exchange Commission.

Cash Payments – are sometimes seen in the meetings and events world when meeting attendees are given cash allowances to cover meals or activities. Generally they are ill-advised, as they are fungible and are directed to the benefit of an individual.

Gifts – gifts are allowed, but must be (1) allowed under local law (2) given in a transparent manner (3) given to reflect esteem or gratitude, and (4) tracked in the giver's systems.

Mitigation strategies specific to meetings and events include:

43. Developing clear and easily accessible guidelines and processes for gift-giving by the company's directors, officers, employees, and agents
44. Evaluating existing Meetings policy language for explanations and limitations on the provision of cash and non-cash gifts, such as travel and entertainment expenses, and gifts to foreign officials
45. Evaluating meeting planner standard operating procedures on (a) interacting with foreign officials, specifically with respect to facilitation payments, limits on gift giving, and the tracking of cash disbursements and honoraria, as well as (b) working with third parties
46. Evaluating current educational materials for completeness with respect to the provision of cash and non-cash gifts to foreign officials
47. Developing procedures to train employees and third parties on what constitutes bribery, the organization's attitude toward bribery, and the acceptable ways in which to interact with foreign government officials
48. Conducting an audit of the highest profile events for violations, and remediating immediately if found

UK Bribery Act:

According to the Act an organization is open to prosecution when an employee or agent pays a bribe to get business, keep business, or gain a business advantage. This offense has extra-territorial application and applies to UK corporate entities, and to overseas companies that conduct business in the UK. Offenses committed anywhere in the world are covered by the Act if the organization has a UK office, operates in the UK, or employs a UK resident. Simply having a UK presence creates jurisdiction.

According to the Guidance issued by the UK Ministry of Justice, there are six principles intended to help organizations of all sizes and sectors understand what sort of procedures they can put in place to prevent bribery. These are similar to the principles developed by McNulty and Martin listed above. The Guidance states that "The application of bribery prevention procedures by commercial organisations is of significant interest to those investigating bribery… [and will] be taken into account in any decision as to whether it is appropriate to commence criminal proceedings." (Section 12 of the Guidance). The six principles are:

49. **Proportionate Procedures** – create anti-bribery procedures that are proportionate to the bribery risks faced by the organization, in nature, scale and complexity
50. **Top-Level Commitment** – demonstrate to your staff and the key people who do business with you that you do not tolerate bribery
51. **Risk Assessment** – conduct a risk assessment of the bribery risks you face
52. **Due Diligence** – conduct a due diligence of suppliers and those engaged to represent your organization in business dealings with

government officials

53. **Communication** – train on, and communicate policies and procedures to, staff and others who will perform services
54. **Monitoring and Review** – periodically monitor and review the risks faced and the effectiveness of existing procedures

Mitigation strategies specific to meetings and events include:

55. Evaluating existing Meetings policy language for explanations and limitations on the provision of cash and non-cash gifts, such as travel and entertainment expenses, and gifts to foreign officials
56. Evaluating meeting planner standard operating procedures on (a) interacting with foreign officials, specifically with respect to facilitation payments and limits on gift giving, the tracking of cash disbursements and honoraria, as well as (b) working with third parties
57. Evaluating current educational materials for completeness with respect to the provision of cash and non-cash gifts to foreign officials
58. Developing procedures to train employees and third parties on what constitutes bribery, the organization's attitude toward bribery, and the acceptable ways in which to interact with foreign government officials
59. Conducting an audit of the highest profile events for violations, and remediating immediately if found

Physician Payment Sunshine Act:

The Sunshine Act, as it is known colloquially, requires pharmaceutical, medical supply, medical device, and biological manufacturers to track and report to Health and Human Services "payments or other transfers of value" over $10.00 to physicians.

The reporting must include information on the (1) covered recipient's identifying information (name, business address, and, if a physician, specialty, National Provider Identifier, and state professional license number) (2) amount of payment (3) date (4) form of payment (cash, in-kind items, stock or dividends), and (5) nature of payment (e.g., consulting fees, compensation for other services, honoraria, gifts, entertainment, food and beverage, travel and lodging, education, research, charitable contributions, royalties, speaking fees, grants, or space rental fee).

Data tracking begins August 1, 2013, and the first reports will be due March 31, 2014 for the calendar year 2013 reporting period.

Mitigation strategies specific to meetings and events include:

60. Evaluating existing tracking and reporting procedures to ensure

they are providing (1) the covered recipient's identifying information (name, business address, and, if a physician, specialty, National Provider Identifier, and state professional license number) (2) amount of payment (3) date (4) form of payment, and (5) nature of payment

61. Conducting an audit of the highest profile events for violations, and remediating immediately if found

Financial Industry Regulatory Authority / National Association of Securities Dealers Rules:

Unlike the Sunshine Act, not much has been written about the FINRA rules, which provide guidance for the financial sector, and lay out what a financial advisor can accept from an offeror (investment company, an adviser to an investment company, a fund administrator, or underwriter). The rules are listed below and include data tracking responsibilities as well:

Rules Governing Cash and Non-Cash Compensation in the Financial Services Sector, 2830. Investment Company Securities, section (l):

(3) Except for items described in subparagraphs (l)(5)(A) and (B), a member shall maintain records of all compensation received by the member or its associated persons from offerors. The records shall include the names of the offerors, the names of the associated persons, the amount of cash, the nature and, if known, the value of

non-cash compensation received.

(5) No member or person associated with a member shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation, except as provided in this provision. Notwithstanding the provisions of subparagraph (l)(1), the following non-cash compensation arrangements are permitted:

(A) Gifts that do not exceed an annual amount per person fixed periodically by the Association [currently $100.00] and are not preconditioned on achievement of a sales target.

(B) An occasional meal, a ticket to a sporting event or the theater, or comparable entertainment which is neither so frequent nor so extensive as to raise any question of propriety and is not preconditioned on achievement of a sales target.

To comply with these rules organizations should:

62. Evaluate existing tracking and reporting procedures to determine if they collect and can report on (1) names of offerors (2) associated persons (3) amount of cash (4) nature, and (5) value of the non-cash compensation
63. Conduct manual audits to determine if the cash and non-cash compensations are consistent with the regulation

Examples

To bring it all home, I have provided below a few examples of risks and their potential impacts to your organization. These are fictional examples, although many of them are based on real life experiences.

- An article appeared on the front page of a major newspaper taking your company to task for having Jane walk across burning coals at a corporate event.
- Jane is currently suing the company for $1,000,000 because of second degree burns she sustained during the team building event.
- At a corporate training event, Joe, meandered from bar to bar at the reception, becoming quite intoxicated. At the end of the evening, Joe, being a local attendee of the meeting, stumbled to his car and became a traffic fatality statistic. His survivors sued the company and won.
- John, VP Sales, embezzled $35,000 from the company using a shell company scheme by having his brother-in-law submit fake invoices for meeting services for an event that never took place.
- Jane, head of meetings at a global company, couldn't, in the immediate aftermath of a bombing at London Heathrow airport, provide a list of meeting attendees in London, or passing through Heathrow, during the time of the bombing.
- Unfortunately, an employee injured in a terrorist attack in Mumbai, could not be located in order to provide medical and evacuation assistance, because he was accidentally left off the Excel spreadsheet his company uses for meeting attendee tracking.

- John crashed his car while driving home at 1am, having just arrived at his local airport after a five day trip and an eight hour flight. His wife is suing the company for his lost wages, and the company has lost a key member of its mergers and acquisitions team.
- Jane, a corporate meeting planner for a global pharmaceutical company, pays a customs official in Turkey $500 cash to release materials she needs for an investigator meeting starting in a few hours. Both US and UK authorities become aware of the bribe and launch an investigation, which uncovered numerous other irregularities.
- Among other things, investigators discovered that procedures to train employees about what constitutes bribery and to monitor their expenses were not in place, leading to authorities in the US and UK to initiate legal proceedings.
- As a special treat, a group of President's Club winners was taken on an all-expenses paid trip to the south of France, where they stayed at a luxurious chateau. Unfortunately a fire broke out during their first night, and John and Jane, being exhausted from jet lag, did not hear the hubbub in the halls as the other guests evacuated. Because the chateau did not have sprinklers Jane and John never stood a chance.
- During an investigators meeting, a scientist attending a different meeting at the same hotel, unobtrusively attended the cocktail reception of his arch competitor and learned that the company's product was experiencing significant problems in human trials. The next morning the whole world learned of the problem on the front

page of a major newspaper.

- Late Friday afternoon, an administrative assistant signs a hotel contract for a $1,200,000 event in Houston. First thing Monday morning the administrative assistant gives the signed contract to her manager, the VP of Sales, who says, “I’ve changed my mind over the weekend. We’re going to have the meeting in Dallas instead. Can you make the change?” The assistant calls to cancel, and is reminded of the $700,000 cancellation fee in the contract.

In summary, we see that all risk types associated with meetings can be mitigated – some with minimal effort, and some with concerted effort – but the consequences can be very high if the risks are ignored.

Supplemental Resources

Five Essential Elements of a Corporate Compliance Program, Paul McNulty and Stephen Martin

Corruption Perceptions Index, Transparency International

A Resource Guide to the U.S. Foreign Corrupt Practices Act, Criminal Division of the U.S. Department of Justice and the Enforcement Division of the U.S. Securities and Exchange Commission

UK Bribery Act, 2010 Guidance, UK Ministry of Justice

Physician Payment Sunshine Act, Department of Health and Human Services, Centers for Medicare & Medicaid Services

Rules Governing Cash and Non-Cash Compensation in the Financial Services Sector, 2830. Investment Company Securities, section (l), Financial Industry Regulatory Authority / National Association of Securities Dealers Rules

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