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International Trade Compliance Risk Assessment

And Other Tools to Strengthen Organizational Compliance

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And Other Tools to Strengthen Organizational Compliance

Corporate failures and government penalties for noncompliance with laws and regulations have changed today's business environment. Organizations are challenged by ever-changing enforcement practices and stakeholder expectations in the context of meeting performance objectives and sustaining the organization's integrity and brand value.

An organization engaged in international transactions and activities appreciates these interests and complexities to the greatest extent. Every new opportunity brings new challenges and questions. Is our organization compliant with international trade laws and regulations? Is the proposed acquisition a potential liability to the entire organization?

Effective compliance programs improve administrative efficiency, promote predictability and consistency and help the organization meet and manage customer expectations. An effective compliance program not only preserves, but actually contributes to, organizational integrity and brand value.

Every organization with international transactions and activities should undergo an International Trade Compliance Risk Assessment and incorporate the assessment as part of its acquisition due diligence review.

Scope

Our International Trade Compliance Risk Assessment involves a review of the following laws and regulations:

- **Export Controls** – Export Administration Regulations, International Traffic in Arms Regulations
- **Economic Sanctions** – Office of Foreign Assets Control regulations and programs
- **Customs** – Customs and Border Protection regulations
- **Anticorruption** – Foreign Corrupt Practices Act
- **Antiboycott** – Related to the Arab League boycott
- **Anti-Money-Laundering** – USA PATRIOT Act-type compliance in business transactions

Operational areas reviewed:

- Management commitment to compliance
- Internal international trade compliance controls and administration
- Marketing and business development
- Sales from proposal to delivery and post-delivery
- Product repair and replacement and resolution of customer complaints
- Engineering and manufacturing
- Supply chain
- Facility visits
- Employment of non-US nationals
- Shipping and traffic
- Finance

Our risk assessment methodology:

- Evaluating the overall level of compliance within an organization
- Identifying the universe of transactions and activities that represents the highest risk of noncompliance and the highest risk of attention and penalties from enforcement officials (high-risk transactions)
- Testing the level of compliance using a sampling of the high-risk transactions
- Establishing an extranet hotline for employees to report suspected violations or compliance concerns during the course of the assessment

Deliverables

Our International Trade Compliance Risk Assessment Report consists of:

- A Compliance Scorecard
- Our Compliance Program and High-Risk Transactions Assessment
- A Compliance Program Survey
- Your High-Risk Transaction Test Results
- Our Recommendations

Our deliverables are protected by the attorney-client and attorney-work product privileges. We provide candid findings that are not normally discoverable.

Cost

The International Trade Compliance Risk Assessment is provided at a predetermined fixed fee. The fee is not increased by the number of international transactions or the size of the business. A single business model will qualify for the starting fee, regardless of size. Fee additions are made for each additional or variant model used by the company or its subsidiaries and the scope of assessment.

Benefits

The International Trade Compliance Risk Assessment is the first step in strengthening the overall level of compliance within an organization. The benefits of improved compliance levels are:

- Preserving the organization's reputation in the industry and among investors, employees, vendors, customers and regulators
- Managing and meeting increased demands and expectations of customers through consistency and predictability in internal procedures and avoidance of crisis situations
- Reducing operating costs over time as a result of administrative efficiency
- Avoiding enforcement actions, thereby protecting brand value and the organization's integrity, and its executives and board members, against fines and penalties, which are increasing in amount and frequency, and avoiding the disruption of business caused by enforcement actions
- Fostering a culture of business integrity and accountability that supports compliance with both the letter and spirit of relevant laws and regulations



Benefits

- Legal compliance
- Consistency
- Administrative efficiency



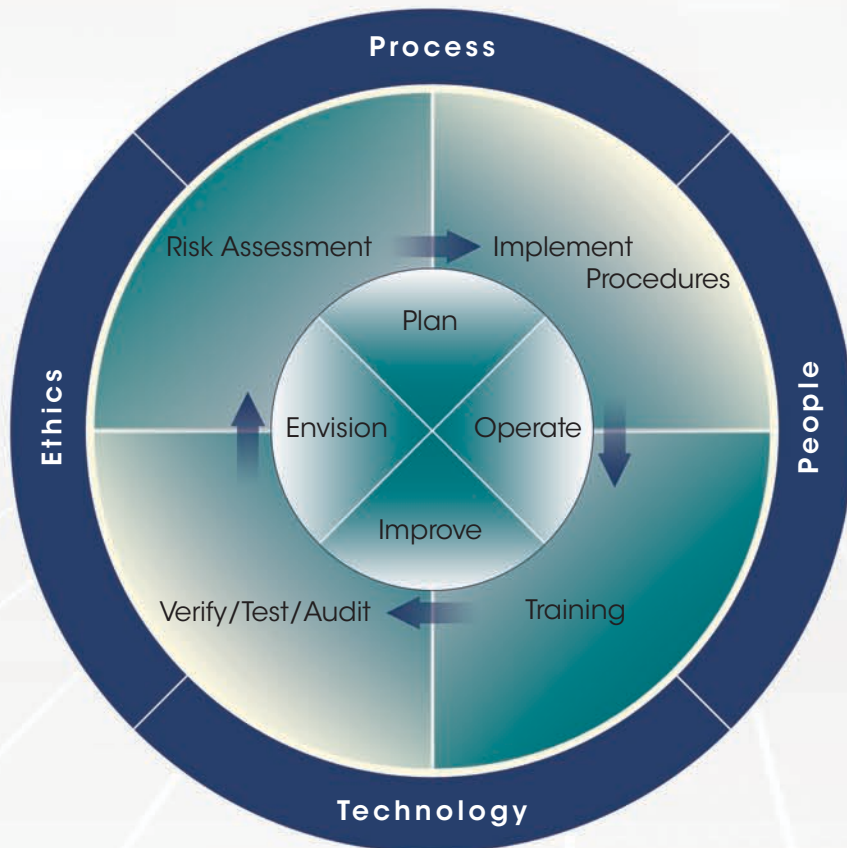
Drivers

- Ethics/integrity
- Laws and regulations
- Board/shareholder/customer expectations

Other Tools to Strengthen Compliance

Other tools to strengthen compliance may be recommended as a result of the risk assessment including:

- Internal investigations in areas where noncompliance is suspected to be pervasive or systemic
- Voluntary disclosure to regulators
- Strengthening compliance programs and internal procedures to address identified weaknesses
- Ombudsman services
- Compliance training
- Auditing or testing the compliance program's effectiveness after changes have been implemented



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