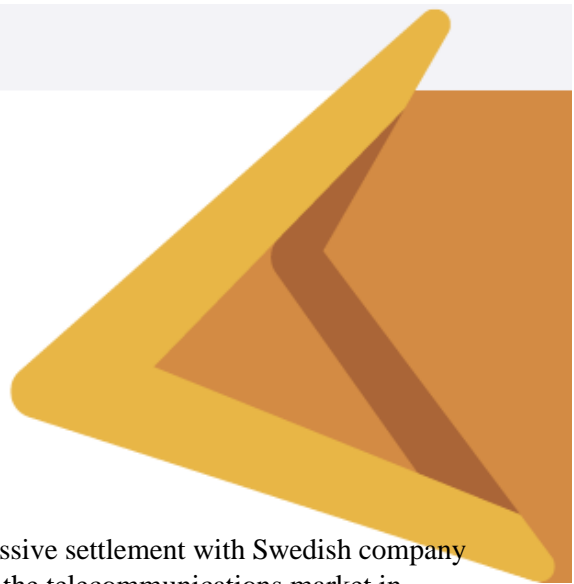


The ACR Brief

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The Importance of Employee Discipline

At the end of September, the SEC and DOJ announced a massive settlement with Swedish company [Telia](#), the second major anti-corruption settlement related to the telecommunications market in Uzbekistan ([VimpelCom](#) was the first). In addition to paying a massive fine – as much as \$965 million to U.S., Dutch and Swedish authorities – the company also engaged in extensive remediation. A significant portion of that remediation consisted of terminating all individuals involved in the misconduct as well as all individuals who had a supervisory role over those engaged in the misconduct, including every member of the company’s board who took part in the decision to enter Uzbekistan or failed to detect the corrupt conduct.

While the Telia settlement is an extreme case – with even board members falling under the remediation ax – firing the individuals involved in a corruption scheme has become a key factor in getting remediation credit when settling with the government. When [Las Vegas Sands](#) settled with the DOJ, for the relatively paltry sum of \$6.96 million, the government specifically noted that “the Company no longer employs or is affiliated with any of the individuals implicated in the conduct at issue in the case.” In the [SQM](#) settlement, the company’s remediation included disciplining the employees involved in the problematic behavior and firing the CEO who had misused his discretionary fund.

This trend is not limited to U.S. enforcement. In his approval of the [Rolls-Royce](#) settlement in the U.K., Lord Brian Leveson specifically pressed the company to confirm that no members of its then-current board or senior management had been involved in the misconduct.

These are just a few examples of how important employee discipline, including termination, can be when negotiating favorable settlement terms of an anti-corruption issue. To assist companies with this key element of compliance, I have written a three-part series diving deep on how companies should go about disciplining their employees. The [first part](#), which ran in our most recent issue, discussed the benefits of having a predictable and consistent discipline system, even in the face of differing local employment laws. The second part, which will run in our upcoming issue, will focus on the challenges of gathering evidence and keeping good records to support a discipline decision. The final article will discuss the need for institutional due process and what a fair system should include.

I hope you find this guide helpful in implementing a just and effective employee discipline system. If there are other areas of employment law and HR that are affecting your anti-corruption compliance program, we would be interested in hearing about them, as well.

Warmly,

Megan Zwiebel

Senior Editor