

The Oklahoma Business Ethics Consortium



BE THE DIFFERENCE · WWW.OKETHICS.ORG

AGENDA • SEPTEMBER 11, 2013 • OKC CHAPTER | UPCOMING EVENTS

I. Welcome

*Randy Thurman, Co-President,
Retirement Investment Advisors;
Director, OK Ethics Board*

II. Kudos

- Flagships: Many thanks to American Fidelity Assurance Company, BVA, Chaparral, Devon Energy, Enterprise Holdings, Express Employment Professionals, Hobby Lobby, HighMount, Hyde & Company, Ideal Homes, Kimray, Inc., Nextep, Oklahoma Baptist University, Oklahoma Department of Commerce, Pelco Products, Rowland Group, SandRidge Energy, University of Central Oklahoma, Valir Health, and WPX Energy to be among the first of our major sponsors to renew their memberships for the new fiscal year beginning October 1!

New Members:

- **Horizon:** Rose State College
- **Leading:** Sandler Training - Mike Crandall
- **Frontier:** 1-BLAC Liberated Art Center Inc., Community Action Project, Central Oklahoma Humane Society, New View Oklahoma

III. Announcements

Membership Drive Begins
Goal is 1000 members by
October 1st!

Currently, we are at 936 individual members (709 in OKC and 227 in Tulsa) representing over 200 companies.
(See page 4 for list of membership costs and benefits.)

IV. Upcoming Events

*Shannon Warren, Founder,
OK Ethics*

(See page 6 for details)

V. Guiding Principle and Introduction

Jim Priest, Attorney, Rubenstein & Pitts; Director, F.A.T.E.; Founding Member, OK Ethics

VI. Keynote

Keith Darcy, Executive Director, Ethics and Compliance Officer Association

Did you know that 501c3, non-profit organizations can join for free at the Frontier level?

CONQUERING LIFE'S CURVES
Presented by **Ed Hearn, CSP**
World Series Champion
New York Mets, Kansas City Royals, Author –
Conquering Life's Curves
Recommended for 1 CPE in Ethics at the basic level.

Wednesday, October 9, 2013
11:30AM – 1:00PM
NOTE NEW LOCATION
Jim Thorpe Museum and Oklahoma Sports Hall of Fame
Oklahoma City

THE OKLAHOMA SPIRIT

10 YEAR ANNIVERSARY GALA
Presented by
Lt. Gov Todd Lamb
NOTE NEW LOCATION

Thursday, November 14, 2013
RECEPTION 5:00 - 6:15, DINNER AT 6:15
Quail Creek Golf & Country Club
3501 Quail Creek Road
Oklahoma City, OK 73120

Vision: To be recognized as a statewide and national forum for promoting business ethics.

Additional Events on Page 6.

| PINNACLE MEMBERS | NAVIGATOR MEMBERS | MEDIA ALLIES | STAR MEMBERS |
|------------------|-------------------|--------------|--------------|
| | | | |

REMINDER: PLEASE PICK UP CPE'S AT CONCLUSION OF EVENT.

VOLUNTEER APPRECIATION:

OK Ethics relies primarily on volunteers to achieve the organization's successful pursuit of Oklahoma's values of integrity at work. It takes leadership and teamwork to host these exciting events and we salute your dedication in achieving OK Ethics' mission! Listed below are today's volunteers who consistently provide service to our members:

AGENDAS:

Many thanks to the volunteers from Metro Technology Centers who provide our monthly agendas.

AMBASSADOR TEAM:

These friendly people welcome our guests each month and assist in helping them locate seats. They also arrive early to help distribute agendas and assist with name tags.

| | | |
|-----------------------|-------------------------------|-------------------------|
| Linda Streun | <i>Ideal Homes</i> | <i>Chief Ambassador</i> |
| Daniel Yunker | <i>Kimray</i> | <i>Team 2 Leader</i> |
| Chris Ferguson | <i>Oklahoma Funeral Board</i> | <i>Ambassadors</i> |
| Jamie Gorman | <i>Hyde and Company</i> | <i>Ambassadors</i> |
| Valorie Hodges | <i>Valir Health</i> | <i>Ambassadors</i> |
| Bill Turner | <i>Valir Health</i> | <i>Ambassadors</i> |
| Jacob Pasby | <i>Arnold Oil Company</i> | <i>Ambassadors</i> |

REGISTRATION TEAM:

These dependable individuals diligently record our guests' attendance and handle the collection of fees:

| | | |
|-----------------------------|-------------------------------------|---|
| Mark Neumeister, CPA | <i>D. R. Payne & Associates</i> | <i>Registration Chairperson</i> |
| Mary Vaughan, CPA | <i>JMA Energy</i> | <i>Guest Registration (Cash & Visitors)</i> |
| Marvinette Ponder | <i>Devon Energy</i> | <i>Pre-paid Registration - Lead</i> |
| Lucius Crandall | <i>SandRidge Energy</i> | <i>Pre-paid Registration</i> |
| Brandy Weldon | <i>SandRidge Energy</i> | <i>Pre-paid Registration</i> |

SPECIAL INITIATIVES:

| | | |
|------------------------|-----------------------------------|--|
| Michael Mount | <i>Oklahoma Accountancy Board</i> | <i>CPE's</i> |
| Susan Pate | <i>Stinnett & Associates</i> | <i>Accountant</i> |
| Jamie Potter | <i>Eide Bailly LLC</i> | <i>Facilities & Logistics Chair</i> |
| Jalisha Petties | <i>OK Ethics</i> | <i>Member Care Coordinator</i> |
| Anna Rosenthal | <i>OK Ethics</i> | <i>Special Projects & Name Tags</i> |
| Shirley Mears | <i>Champlin Broadcasting</i> | <i>(99.7) Announcements on the Morning Drive</i> |



TUNE IN! Our own **Bob Byrne** and **Shirley Mears** featured on the morning drive for **True Oldies Channel FM 99.7** – Tune in between 7:00 and 8:00 a.m. to learn more about Oklahoma's legacy! Also, hear interviews with speakers thanks to Champlin Broadcasting and the folks with the Oklahoma Heritage Association who provide the research for our historic profiles!

MANY THANKS TO OUR HORIZON MEMBERS:



BUILD A LEGACY OF INTEGRITY...

HELP OK ETHICS RECRUIT NEW MEMBERS. HERE'S HOW:

- Invite two qualified[i] guests from the business or government sector who share our purpose of promoting Oklahoma values of integrity at work.
- OK Ethics will pick up the tab for those two guests, so long as they attend the September event.
- Encourage (no pressure) guests to join OK Ethics by the end of October.
- The member who brings in the most new membership revenue will be honored at the tenth anniversary gala.

JOIN THE TEAM:

Want to be part of the recruiting team that helps OK Ethics flourish? Talk to these leaders below:

- In OKC, Contact Lynda Mobley with Oklahoma Natural Gas at Lmobley@ong.com or call (405) 551-6774
- In Tulsa, contact James Kelley with The Rowland Group at james@rowland-group.com or call (918) 836-1900.

[i] Qualified guests have not attended an OK Ethics event before and must not be employees of current member companies. (See the Who's Who section of the okethics.org website for a list.)

HELP WANTED

ARTISTS: Artists needed to provide designs that capture Oklahoma's character for OK Ethics' Tenth Anniversary commemorative items. (Medium is open, but sculptures preferred.) Refer candidates to Valerie Fried, OK Ethics Vice President of Organizational Spirituality & Fun: ValerieF@CapitolAbstract.com

PHOTOS: Donations of pictures depicting inspiring scenes of life in our great state. Selected photos will be used in OK Ethics tenth anniversary commemorative publication. See okethics.org

home page to submit photographs. Questions about the project may be directed to Kellian Schneider at kellian@fullforcebusiness.com

RECRUITERS FOR MEMBERSHIP COMMITTEE: Friendly members who are plugged into the community are needed to assist our Vice President of Membership, Lynda Mobley with Oklahoma Natural Gas, in introducing new folks to the great benefits that OK Ethics has to offer. Contact Lynda at Lmobley@ong.com or call (405) 551-6774 if you are interested in joining this group.

THANKS TO THOSE WHO VOLUNTEERED!

Anniversary Gala:

Deborah Burroughs - Retired (Langston)
Factor 110

Jamie Potter - Eide Bailly
Bertha Robinson - Metro Technology Centers
Connie Root - Walker Companies

Debie Weaver - Legends Senior Living
Brandy Weldon - SandRidge

Pre-Paid Registration Team:

Tyler Heinrichs - BVA

Terri L. Smith Hutchings - BVA



Like us on Facebook.





OK ETHICS 2013–2014 MEMBERSHIP DUES & BENEFITS

Please note that dues are effective during the fiscal year that begins October 1, 2013 and ends September 30, 2014. OK Ethics does not typically prorate dues, except during the last quarter and only by special permission from the OK Ethics Board and/or Founder. Occasionally, OK Ethics may offer workshops or programs that are not necessarily included in the price schedule below.

Pinnacle Membership

Dues \$10,000

REGULAR OPTION: Highest level of involvement that includes *sixteen pre-paid memberships* with *premium seating* for every regular monthly program. *Inclusion in the annual Compass Awards banquet. An extra eight seats will be provided for the special ten-year anniversary gala.*

See “Benefits” section below for additional details. Also, please note that each participant must continue to make reservations for each meeting in order for volunteers to prepare name tags and provide accurate head counts to our banquet facilities.

ENHANCED OPTION: This level includes an option for the company to allow up to eight additional seats (or fewer as specified) to be used by students who are involved in ethics initiatives on their campuses. This is more than the sixteen reservations per month for the seats reserved for the company’s members. Please note that empty corporate seats will be filled first by company representatives and any extras will be donated for students to use. As a convenience, if your company exceeds the regular allotment of sixteen guests per meeting including students, OK Ethics will bill your company for additional attendees at the end of the fiscal year (September 30, 2014).

MEMBER BENEFITS:

- **Reserved premium seating** defined as those seats closest to the podium.
- Includes up to **20 seats at special workshops, exclusive dinners/breakfasts with speakers or bonus programs** as offered per year as well as **an additional 8 seats at the special ten-year anniversary gala and membership recognition event.** (Note: Does not include additional seats at Compass Awards.)
- **Logos featured on table tent cards** at monthly events.

- Company will be prominently listed as a **flagship company** in special commemorative ten year anniversary publication circulated throughout the Oklahoma business community. (Membership commitment must be made by 9/30/2013 to be included)
- Company logo will be prominently featured on the revised Home Page and “Who’s Who” of OK Ethics website and customary communiqués, including meeting notices and agendas.
- \$500 earmarked in your company’s name to support university and college initiatives including an opportunity to support Oklahoma’s winning teams in the Regional Ethics Bowl Regional Competition in San Antonio.
- Inclusion in the annual Compass Awards banquet.
- Special commemorative objet d’art presented to your company acknowledging your meaningful support of OK Ethics’ initiatives.

Navigator Membership

Dues \$8,000

REGULAR OPTION: Includes *sixteen pre-paid memberships* for participation in every regular chapter activity. *Inclusion in the annual Compass Awards banquet. An additional eight seats will be provided for the special ten-year anniversary gala.*

See “Benefits” section below for additional details. Also, please note that each participant must continue to make reservations for each meeting in order for volunteers to prepare name tags and provide accurate head counts to our banquet facilities.

ENHANCED OPTION: This level includes an option for the company to allow up to eight additional seats (or fewer as specified) to be used by students who are involved in ethics initiatives on their campuses. This is more than the sixteen reservations per month for the seats reserved for the company’s members. Please note that

empty corporate seats will be filled first by company representatives and any extras will be donated for students to use. As a convenience, if your company exceeds the regular allotment of sixteen guests per meeting including students, OK Ethics will bill your company for additional attendees at the end of the fiscal year (September 30, 2014).

MEMBER BENEFITS:

- Company will be prominently listed as a **flagship company** in special commemorative ten year anniversary publication circulated throughout the Oklahoma business community. (Membership commitment must be made by 9/30/2013 to be included)
- Company logo will be prominently featured on the revised Home Page and “Who’s Who” of OK Ethics website and customary communiqués, including meeting notices and agendas.
- \$500 earmarked in your company’s name to support university and college initiatives including an opportunity to support Oklahoma’s winning teams participate in the Regional Ethics Bowl Regional Competition in San Antonio.
- Crystal obelisk presented to your company acknowledging your meaningful support of **OK Ethics’ initiatives.**

Oklahoma Star Membership

Dues \$5,500

REGULAR OPTION: A prominent level of involvement that includes *eight pre-paid seats at special reserved tables* for participation in every regular chapter activity. *Inclusion in the annual Compass Awards banquet and four extra seats for the special ten-year anniversary gala.*

Please note that each participant must continue to make reservations for each meeting in order for volunteers to prepare name tags and provide accurate head counts to our banquet facilities.

(Continued from Page 4)

ENHANCED OPTION: This level includes an option for the company to allow up to **four additional seats** (or fewer as specified) to be used by students who are involved in ethics initiatives on their campuses. This is more than the eight reservations per month for the seats reserved for the company's members. Please note that empty corporate seats will be filled first by company representatives and any extras will be donated for students to use. As a convenience, if your company exceeds the regular allotment of eight guests per meeting including students, OK Ethics will bill your company for additional attendees at the end of the fiscal year (September 30, 2014).

MEMBER BENEFITS:

- Company will be prominently listed as a **flagship company** in special commemorative ten year anniversary publication circulated throughout the Oklahoma business community. (Membership commitment must be made by 9/30/2013 to be included)
- Featured in "Who's Who" of OK Ethics website as well as routine communiqués, including meeting notices and agendas.
- Company will be routinely highlighted on the home page of the OK Ethics website.
- \$500 earmarked in your company's name to support university and college initiatives including Oklahoma's winning teams that participate in the Regional Ethics Bowl Competition held in San Antonio.

****NEW**** Special crystal star obelisk presented to your company acknowledging your meaningful support of OK Ethics' initiatives.

Horizon Membership

Dues \$3,500

Includes **eight pre-paid memberships** for participation in most chapter activities with the *exception of the Compass Awards banquet* and special bonus workshops.

Please note that each participant must continue to make reservations for each meeting in order for volunteers to prepare name tags and provide accurate head counts to our banquet facilities.

- Eight seats provided for the special tenth anniversary gala.

- Convenience of reserved seating for all programs, except the annual Compass Awards event.
- Featured in "Who's Who" page on OK Ethics website.
- Special plaque presented to your company acknowledging your meaningful support of OK Ethics' initiatives.

Leading Membership

Dues \$1,500

Includes two pre-paid memberships for participation in all chapter activities except bonus workshops.

- Includes attendance at the annual Compass Awards event and the special tenth anniversary gala.
- Featured in "Who's Who" of OK Ethics website.

Trailblazer Membership

Dues \$500

Includes one pre-paid membership for participation in all regular chapter activities, *except* special bonus workshops and the annual Compass Awards.

- Mentioned in "Who's Who" on OK Ethics website.

Frontier Membership

Dues \$400

Eight members from your company will receive discounts on meals for participation in most chapter activities. *Note that this category may exclude discounts for the annual Compass Awards and special bonus workshops.* (See Horizon or Star membership categories for upgrades.)

Non-Profit Membership

Dues \$0

As a special service to the community, OK Ethics offers free Frontier memberships to non-profit organizations and staff. The only thing we ask in return is that you help us by promoting our organization to your members.

Please note that our primary purpose remains a discussion of ethical behavior in the workplace. Although networking is an additional benefit of these discussions, guests are asked to refrain from using this as a sales forum.

- Eight members from your organization will receive discounts on meals for participation in most chapter activities. Note that this category may exclude

discounts for the annual Compass Awards and special bonus workshops. (See Horizon or Star membership categories for upgrades.)

- Mentioned in "Who's Who" of OK Ethics website.

Scout Membership

Dues \$75

Individual receives discounts on meals for participation in most chapter activities. Note that this category may exclude discounts for the annual Compass Awards and special bonus workshops.

Retiree Membership

Dues \$25

- In recognition for the valuable volunteer services provided by our retirees, OK Ethics offers a discount to retirees who are actively involved in our activities.
- Individual receives discounts on meals for participation in most chapter activities. Note that this category may exclude discounts for the annual Compass Awards and special bonus workshops.

Transitional Membership

Dues \$0

- As a special service to the community during these challenging economic times, OK Ethics will offer a free Scout membership to anyone who has been laid off from a professional capacity position.

Please note that our primary purpose remains a discussion of ethical behavior in the workplace. Although networking is an additional benefit of these discussions, guests are asked to refrain from imposing job requests or resumes on other participants unless invited to do so.

Student Membership

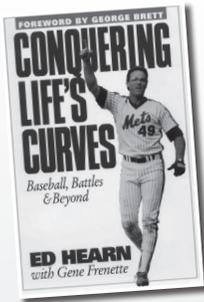
Dues \$0

Students with member schools may join for free. For more information, consult your campus' advisor. Others may join at the Scout level.

Please note that our primary purpose remains a discussion of ethical behavior in the workplace. Although networking is an additional benefit of these discussions, guests are asked to refrain from imposing job requests or resumes on other participants unless invited to do so.

HELP GET THE WORD OUT: PLEASE POST THIS ON YOUR COMPANY'S BULLETIN BOARD

UPCOMING OKC EVENTS



CONQUERING LIFE'S CURVES

Presented by
Ed Hearn, CSP
World Series Champion
New York Mets, Kansas
City Royals, Author –
Conquering Life's Curves

**Recommended for 1 CPE
in Ethics at the basic
level.**

**Wednesday, October 9, 2013
11:30AM–1:00PM**

**Jim Thorpe Museum and
Oklahoma Sports Hall of Fame
Oklahoma City**



DAVID MYERS
former controller of
telecommunications
giant WorldCom

Presented by Oklahoma City Chapter of the IMA, the
University of Central Oklahoma College of Business,
and UCO ETHICS (OK Ethics Student Chapter)

**Tuesday, September 17, 2013
11:30AM–1:00PM**

**University of Central Oklahoma
Nigh University Center, Ballroom A**

STATEWIDE STUDENT ETHICS CHALLENGE

**Saturday, October 19
RECEPTION 5:00 - 6:15, DINNER AT 6:15**

**Oklahoma City University
Meinders School of Business**

**VISITORS AND
OBSERVERS
WELCOME!**

For more information,
contact OK Ethics
Foundation President,
Shannon Hiebert at
Enterprise Holdings,
Shannon.Hiebert@erac.com



THE OKLAHOMA SPIRIT



Presented by
Lt. Gov Todd Lamb

*Please note location
change below:*

**Thursday, November 14, 2013
RECEPTION 5:00 - 6:15, DINNER AT 6:15**

**Quail Creek Golf & Country Club
3501 Quail Creek Road
Oklahoma City, OK 73120**

SPIRITUAL INTELLIGENCE: LEADERSHIP EDGE

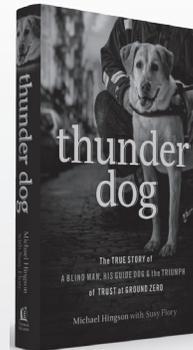


Presented by
Gael O'Brien
Entrepreneur
Magazine's
The Ethics Coach

**Wednesday, January 8, 2014
11:30AM–1:00PM**

**The Petroleum Club
Oklahoma City**

TRUST, TEAMWORK & THUNDERDOG'S TRIUMPH



Presented by
Mike Hingson
Best Selling Author
and Inspirational
Speaker

**Thursday,
February 6, 2014
11:30AM–1:00PM**

**The Petroleum Club
Oklahoma City**

UPCOMING TULSA EVENTS

INTEGRITY WINS: FACING "THE HERD"



Presented by
Mick Ukleja, Ph.D.
co-author of
*The Ethics Challenge:
Strengthening Your
Integrity in a Greedy
World*

**Recommended for 1 CPE
in Ethics at the basic level.**

**Thursday, September 26, 2013
11:30AM–1:00PM**

**The Doubletree Hotel
Downtown Tulsa**

THE LEADERSHIP EDGE



Presented by
Gael O'Brien
Entrepreneur
Magazine's
The Ethics Coach

**Thursday, January 9, 2014
11:30AM–1:00PM**

**The Doubletree Hotel
Downtown Tulsa**

**SEE ALL UPCOMING
EVENTS AND
DESCRIPTIONS AT
OKETHICS.ORG.**

**OKLAHOMA CITY CHAPTER OF THE IMA, THE UNIVERSITY OF CENTRAL OKLAHOMA
COLLEGE OF BUSINESS, AND UCO ETHICS (OK ETHICS STUDENT CHAPTER)
PRESENT**



Oklahoma
City
Chapter

David Myers

Former controller of telecommunications giant WorldCom

Tuesday, September 17, 2013; 11:30 to 1:00

University of Central Oklahoma, Nigh University Center, Ballroom A

Hear the compelling story of David Myers, who became the third-ranking company executive charged in the company's \$11 billion accounting fraud. In 2002, Myers agreed to cooperate with authorities against other executive officers at WorldCom and to plead guilty to conspiracy, securities fraud and making false filings to the Securities and Exchange Commission. He now travels the United States speaking about business ethics. *Email ima.okc.events@gmail.com to register or for more information.*



**PROGRAMS FOCUSED ON INTEGRITY
(Not Affiliated with OK Ethics)**

CHARACTER FIRST

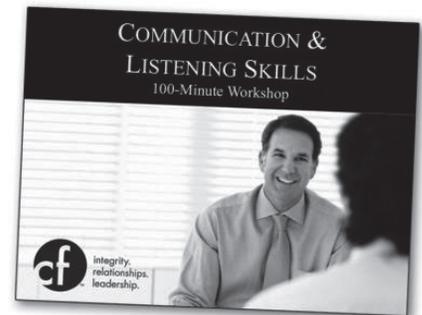
Since the beginning, OK Ethics members have been inspired by our friendship with Character First. Leaders with this organization provided the wisdom and insight for OK Ethic's Guiding Principles. Go to www.characterfirst.com to learn more about tools to help you integrate character and ethics into your organizational culture, or contact Beau Bailey at 405-815-0001.

Ethics-Based Leadership Seminars

by Character First, a division of Strata Leadership LLC

Full-Day and 100-Minute Workshops available, including:

- Trust-Building Skills
- Communication Skills
- Time Management
- Workplace Stress
- Customer Service
- Managing Conflict
- Hiring for Character
- Diversity & Culture
- Giving & Receiving Feedback
- Energizing & Engaging Employees



Learn more at 405.815.0001 or www.characterfirst.com/events

CHARACTER COUNCIL OF CENTRAL OKLAHOMA

...Cultivating Good Character

The Character Council of Central Oklahoma is an organization that educates, equips and empowers others to create a culture of good character within Central Oklahoma. Their vision is that Central Oklahoma will become a model community of good character.



September Character Luncheon honoring the 2013 winners of the prestigious State Schools of Character Award and Promising Practices by the Character Education Program

Wednesday, September 18, 2013; 11:30AM – 1PM

COST \$20 per person

St. Luke's United Methodist Church

222 NW 15th St., Oklahoma City, Oklahoma 73103

Guest Speaker: Janet Barresi, Oklahoma State Superintendent of Public Instruction

Registration deadline & advanced payment required by noon, Monday, September 16, 2013. You may make payment by PayPal or email your RSVP to sarah@metrofamilymagazine.com and plan to pay via cash or check at the door.

GUIDING PRINCIPLES

Adopted July, 2004

To ensure that the Consortium fosters positive characteristics of integrity in the successful achievement of its goals, these Guiding Principles were discussed and adopted (with revisions) during a milestone planning session held by Consortium leaders in Stroud on June 18, 2004. These principles were developed based on the Character First's values and philosophies.

RESPONSIBILITY TO SELF AND OTHERS

Service

- Passion for promoting ethics and integrity
- Encouraging the promotion of ethical behavior through personal actions and
- Sharing ideas and resources
- Responsibility and accountability for fulfilling the mission of the Consortium.

Collaboration

- Achievement of common goals through the promotion of ethical, mutually beneficial relationships
- Service to the Consortium over promotion of self-interest
- Cooperation emphasized over competition in promoting ethical business conduct
- Members collaborate by being constructively engaged in discussions regarding ethics
- Seeking consensus in interactive discussions regarding ethical matters.

Respect

- Members may become aware of confidential information shared by others in an effort to determine an ethical course of action. We ask members to be sensitive in recognizing and respecting the efforts made toward achieving ethical behavior. In that vein, public disclosure of this information is discouraged.
- We respect other members and the process by:
 - Exhibiting listening skills and actively listening to discussions
 - Being open to other points of view and outcomes
- We are an inclusive organization and demonstrate this by welcoming members who are in different stages of learning as applied to ethical behavior.

LEAD WITH INTEGRITY

Dependability

- Members are asked to demonstrate their support of this initiative by consistently attending meetings.

Initiative

- Recruiting other members who have demonstrated a desire to promote ethical behavior in their organizations.
- Recognizing what needs to be done to help promote the Mission of the Consortium and taking action to assist in that effort.

Honor

- Members are asked to honor the Consortium through the practice of integrity and ethical behavior in their business dealings.
- We express gratefulness to our hosts, sponsors and speakers; as well as to those whose volunteer service makes OK Ethics a stronger organization.
- Realizing that each of us is in a mode of continual learning, we demonstrate humility, care and compassion when sharing our thoughts and knowledge.

Courage

- Speak the truth with confidence and encourage others to do the same.

INSPIRE TRUST

We serve and promote the cause of truth with integrity, objectivity and fairness to all persons.

- We hold ourselves accountable by consistently honoring our word.
- We extend trust abundantly to those who have earned it.
- Trust, once earned, will not be taken for granted, manipulated or abused.

Visit okethics.org for resources, videos, articles and to see who's who.



THE TRUST DEFICIT: BREAKING THE CODE OF SILENCE.

Presented by Keith Darcy
Executive Director of the Ethics and Compliance Officer Association

Keith T. Darcy is Executive Director of the Ethics & Compliance Officer Association (ECO). ECOA is the largest association exclusively for ethics and compliance executives with over 1,250 members across six continents. Darcy also serves as Chairman of the ECOA Foundation. Over the years he has been a keynote speaker and panelist in hundreds of venues all over the world. In December 2012, he spoke at the United Nations on the occasion of International Anti-Corruption Day.

Darcy has combined a 40-year career in the financial services industry with his profession as an educator and his long-term involvement in business ethics, corporate governance and organizational leadership. Darcy serves as Chairman of the Board of the Better Business Bureau Foundation, which supports the Better Business Bureau of New York, where he chairs the Audit Committee. Darcy is Chairman of the advisory board of the National Center for Ethics and Social Responsibility at St. Thomas Aquinas College in Sparkill, NY, and is also on the advisory board of the Notre Dame Deloitte Center for Ethical Leadership, South Bend, IN. Previously, Darcy served on the board of directors of E*Trade

Bank and its affiliates as well as the board of directors of New York National Bank.

Since 1994 Darcy has been teaching Ethics and Leadership in the Executive Programs at The Wharton School, University of Pennsylvania. He is an Executive Fellow of the Ethics Resource Center in Washington, D.C., and an Executive Fellow (Emeritus) of the Center for Business Ethics at Bentley University in Waltham, MA. In March 2011 was named the first Provident Bank Charitable Foundation Chair of Corporate Responsibility at St. Thomas Aquinas College in Sparkill, NY. From 2008-2012 he served on the Global Anti-Corruption Council of the World Economic Forum headquartered in Davos, Switzerland, and currently serves on the Steering Committee of The Chair of Excellency in Law and Business Ethics at the Universite' Cergy School of Law in Cergy du Pontois, France. Darcy is also a member of the International Advisory Board of the Catholic University of Korea, Seoul, Korea. He previously served as Associate Dean and Distinguished Professor of Business at Georgetown University's McDonough School of Business.

Recommended for 1 CPE in Ethics*

**Program is designed at the basic level and is suitable for anyone aspiring to or currently holding a leadership position. Note that it is up to the individual attendee to demonstrate relevance to his/her own area of practice. OK Ethics makes no guarantees*

GENERAL PROGRAM DISCLAIMERS:

LEGAL: Members of the Oklahoma Business Ethics Consortium frequently share information concerning various issues and developments that may have legal implications. The discussions, commentary, and handouts at Consortium meetings or presentations to other organizations are for general informational purposes only. They cover only some aspects of the subject topic, and do not constitute a complete legal analysis of the topic or how it might apply to any particular set of facts. Before taking any action based on information presented during a Consortium event, participants are encouraged to consult a qualified attorney.

CPE'S: From time to time, Continuing Professional Education credits are offered. Because OK Ethics relies heavily on volunteers to provide these, we do not have the manpower to send certificates after the program is completed.

REMINDER: PLEASE PICK UP CPE'S AT CONCLUSION OF EVENT.

PHOTOGRAPHY: Occasionally, photos of the event are made and these may be posted on the OK Ethics website or Facebook page. By attending the program, participants tacitly understand and agree to this process. If preferences are otherwise, please notify us at okethics@yahoo.com or call (405) 889-0498 and we will be happy to comply with your wishes.

PRESENTATION STANDARDS:

The observations and comments of presenters at Consortium meetings and networking are the views and opinions of the presenter and do not constitute the opinion or policies of the Consortium or any of its members. Presenters are respectfully requested to honor OK Ethics Guiding Principles as well as avoid profanity, preaching, politics, put-downs and self-promotion during their lectures. To ensure accountability, participants are invited to evaluate each program according to these and other standards.

Oklahoma Business Ethics Consortium

*The Trust Deficit:
Breaking the Code of Silence*

September 11, 2013

*Keith T. Darey, Executive Director
Ethics & Compliance Officer Association (ECO)*

Where Have We Been?

Where Are We Today?

Where Are We Going?

Where Have We Been?

When bubbles burst...

Post-Tech Bubble

- Enron
- Tyco
- Adelphia
- Xerox
- Rite-Aid
- Martha Stewart
- ImClone
- Aurora Foods
- Computer Associates
- WorldCom
- Accounting
- Wall St.
- Mutual Funds
- Insurance
- Hospitals
- Pharmaceuticals
- Brokers
- Fannie Mae
- Freddie Mac

Not Uniquely American

- Mannesmann
- ELF
- Royal Dutch Shell
- VW
- ABB
- France Telecom
- ABN-Ambro
- Heidelberg Cement
- Royal Ahold
- Bank of Italy
- Parmalat
- Samsung
- Bank of China
- Livedoor
- Hyundai
- Nikko Cordial
- United Nations

Settlements

(DPAs and Federal Monitors)

- HCA (\$1.7B)
- AIG (\$1.6B)
- Royal Ahold (\$1.1B)
- Fannie Mae (\$400M)
- Time Warner-AOL (\$510M)
- KPMG (\$465M)
- Adelphia (\$715M)
- Tyco (\$750M)
- Prudential (\$600M)
- CA (\$225M)
- Marsh McLennan (\$850M)

Lessons Learned

1. Irrational exuberance + uninhibited self-interest
2. Arrogance
3. Fraud
4. Conflicts-of-interest
5. Preferential treatment
6. Accounting arbitrage
7. Failure of independent auditors
8. Failure of analysts
9. Failure of rating agencies
10. Failure of regulators
11. Failure of board oversight
12. **Culture of greed**

U.S. Response

- Sarbanes-Oxley Act (2002)
- Thompson (2003) + McNulty (2006)
- Federal Sentencing Guidelines
 - Issued in 1991 (EOA - est. 1992)
 - Amended in 2004

Where Are We Today?

The Bubble Burst (again):
The Great Recession

2001-2006

- Extraordinary growth in mortgages
- Accommodating conditions
(teaser rates, liar's loans, NINJA loans)
- CDO's
- AAA Rating

2007

- Teaser rates begin to expire
- Delinquencies rise
- Foreclosures rise

The Meltdown

- | | |
|---------|-------------------------------------|
| 3/16/08 | Bear Stearns sold to JPM Chase |
| 7/11/08 | IndyMac Bank (bankrupt) |
| 9/7/08 | Fannie Mae & Freddie Mac |
| 9/15/08 | Lehman Brothers (bankrupt) |
| 9/16/08 | Merrill Lynch sold to BofA |
| 9/16/08 | AIG (77.9% gov' t ownership) |
| 9/18/09 | Money market fund "breaks the buck" |

The Meltdown

"We need the equivalent of war time powers."

-Hank Paulson

"If you (congress) don't act today there will be no economy tomorrow."

-Ben Bernanke

9/19/08 - Treasury Secretary asks congress for \$700 billion (TARP)

The Meltdown

- 9/24/08 WAMU (bankrupt), to JPMorgan Chase
- 9/29/08 **TARP bill voted down by congress**
 - Fortis Bank nationalized
 - HYPO Real estate bailed out
 - Bradford & Bingley nationalized
 - Glitner Bank nationalized
 - Ireland guarantees all deposits
 - Italy guarantees all deposits
- 10/1/08 Senate passes TARP
- 10/4/08 Germany guarantees all deposits
Russia discusses bail out of Iceland

The Meltdown

- 10/6/08 UK buys 70% RBS, 43% Lloyds Bank
- 10/7/08 UK announces \$500B stimulus
- 10/17/08 Germany approves \$750B stimulus
- 11/10/08 China announces \$600B stimulus

“When the tide goes out...”

Warren Buffet

Ponzi Schemes

- ❑ Mark Deier, \$400 million
- ❑ Marcus Schrencker, \$100 million
- ❑ Arthur Nadel, \$300 million
- ❑ Joseph Forte, \$100 million
- ❑ Nicholas Cosmo, \$300 million
- ❑ Paul Greenwood, \$900 million
- ❑ Danny Pang, \$100 million
- ❑ Milowe Brost, \$400 million
- ❑ **Bernard Madoff, \$65 billion**

“Am I a sociopath?”

B. Madoff to his therapist
New York Magazine 3/7/11

Corruption

- ❑ Satyam Computer - \$1 Billion
- ❑ Siemens - \$1.6 billion settlement
- ❑ Halliburton - \$599 million
- ❑ BAE - \$400 million
- ❑ Daimler - \$185 million

Insider Trading

**“The Inside Scoop
on Rajaratnam and Gupta”**

“The most disturbing thing about this case is what it says about business ethics. It’s not a case of one bad apple, but a bushelful.”

Judge Jed Rakoff

“SAC Hit With Record Insider Penalty”

The Wall Street Journal
March 15, 2013

“SAC Indicted”

The New York Times
July 25, 2013

“Goldman Sachs Charged with Fraud”

Financial Times
April 17, 2010

“The whole building is about to collapse anytime now...Only potential survivor, the fabulous Fab...standing in the middle of all these complex, highly-leveraged, exotic trades he created.”

“Anyway, not feeling too guilty about this, the real purpose of my job is to make capital markets more efficient and ultimately provide the U.S. consumer with more efficient ways to leverage and finance himself, so there is a humble, noble and ethical reason for my job; *amazing how good I am at convincing myself.*”

“Tourre Found Guilty of Fraud”

Reuters
August 1, 2013

LIBOR and AML

“UBS Pays \$1.6 Billion in Libor Rigging”

“Barclay’s Fined \$400 Million in Libor Scandal”

“HSBC Allocates \$2 Billion for U.S. Investigation”

“Standard Charter Settles for \$667 Million for Laundering Iranian Money Flows”

“ING Fined \$619 Million”

“Wall Street’s Lost Moral Center”

Oklahoma is not immune...

“SEC Charges Oklahoma Broker With \$4.7 Million Fraud”

The Wall Street Journal
8-28-13

In Response – U.S.

SEC

- Focus on FCPA, insider trading
- BOD governance disclosures (risk; compensation; climate change; diversity; board qualifications)

DOJ

- Focus on fraud task forces, anti-trust

Bank Regulators

- Money laundering

Congress

- FINREG (Dodd-Frank) + whistleblower bounty

Dodd-Frank on Governance

- ❑ Say on Pay – Non-binding vote on compensation
- ❑ Executive Compensation Disclosures
 - CEO comp v. EEs
- ❑ Disclosure regarding EE and director hedging
- ❑ Clawback Provisions
- ❑ Proxy Access
- ❑ Disclosure regarding chairman and CEO Structures
- ❑ Compensation committee independence

❑ **Whistleblower Bounty**

“SEC Examiners Enter U.S. Boardrooms to Gauge Compliance”

Reuters
April 4, 2012

“The agency intends to have direct discussions with the firm’s board about regulatory issues board members and senior management pay attention to, and how they are navigating them.”

“...to assess a firm’s culture of compliance...”

“The SEC will expect to look at the firm’s compliance budgets, the hiring and firing...”

“The culture of compliance is an elusive concept and a real challenge, but it has a huge impact on how ethically companies perform...”

Carlo di Florio, Dir., SEC Office of Compliance Examinations

Corruption

- ❑ “Four Sama Dubai Employees Are Held In Corruption Probe”
- ❑ “Ex-Head of Bank of Italy to Go on Trial”
- ❑ “Bahrain Kickback Investigation Widens”
- ❑ “Siemens Excluded from World Bank Contracts for Two Years”
- ❑ “Control Components Admits to Violating FCPA in 36 Countries”
- ❑ “Ex-Sinopec Corporate Chairman Sentenced to Death for Bribery”
- ❑ “China Executes 2 For Role in Tainted Milk Scandal”
- ❑ “Chevron Offers Evidence of Bribery Scheme in Ecuador Lawsuit”
- ❑ “Maybey & Johnson To Be Sentenced in Bribery Case”
- ❑ “Postmaster General in India Held for Corruption”
- ❑ “UN Cuts Back on Investigating Fraud”
- ❑ “Rio Tinto Employees Admits to Taking Bribes in China”
- ❑ “Nine British Companies in US Bribe Inquiry”
- ❑ “Alstom UK Directors Arrested in SFO Bribery Investigation”

Corruption

- ❑ “Greece Condemned for Falsifying Data”
- ❑ “Nortel Will Liquidate Assets”
- ❑ “Italian Notables Feel Heat in Corruption Scandal”
- ❑ “How German Companies Bribed Their Way to Greek Deals”
- ❑ “Avon Bribery Probe”
- ❑ “BHP Billiton in US Anti-Corruption probe”
- ❑ “Alcatel Agrees to Pay \$137 Million to Avoid U.S. Prosecution”
- ❑ “Russia’s Two Top IKEA Execs Sacked Over Suspected Bribery”
- ❑ “Nexus Technologies and Three Employees Plead Guilty to Paying Bribes to Vietnamese Officials”
- ❑ “Total Indicted for Alleged Corruption in Iraq”
- ❑ “Johnson & Johnson Settles Bribery Case”
- ❑ “Russia Leads the World in Economic Crime, Report Says”

Corruption

“Vast Mexico Bribery Case Hushed Up By Wal-Mart After Top Level Struggle”

“IBM Discloses DoJ Bribery Probe”

“Rolls Royce Aerospace Head Quits As Bribery Fears Mount”

“IKEA Mired in Bribery Scandal”

Anti-Corruption

- ❑ Foreign Corrupt Practices Act
- ❑ UK Bribery Bill
- ❑ UN Convention Against Corruption
- ❑ OECD Working Groups
 - Anti-Corruption
 - Good Practice Guidance
- ❑ G-20

“More Countries Today Acting on Domestic Bribery”

Anti-Corruption

Even ordinary people have the power to fight corruption:

- ❑ Growth of public and in-house helplines
- ❑ Democratization of media (e.g. micro-bloggers)
- ❑ Explosion of social media channels and mobile technology.

Give Credit Where Credit Is Due

“Breakthrough: Feds Credit Morgan Stanley Compliance Program”

FCPA Blog
April 27, 2012

“Ralph Lauren Corp. Agrees to Pay Fine in Bribery Case”

The New York Times
April 23, 2013

“When you do all the right things in terms of investigating, self-reporting, cooperating and taking appropriate remedial measures, both the SEC and DOJ are willing to reward that behavior.”

Where Are We Going?

New Risks on the Radar

Whistleblowing
Social Media
Hacking/Cyber Crime
Transparency
Conflicts-of-Interest
Understanding Gen Y

“Whistleblowing Now Just a Click Away”

Corporate Secretary
8-15-11
www.sec.gov/whistleblower

False Claims

- ❑ Pfizer - \$2.3 billion
- ❑ GSK - \$750 million + \$3 Billion
- ❑ Novartis - \$422.5 million
- ❑ Eli Lilly - \$1.4 billion
- ❑ Abbott - \$1.6 billion

Whistleblowing

“New App Lets People to Check-In When Bribes Are Paid”

“Transparency International Launches New Whistleblower Hotline Called SPEAK UP”

“China Launches Whistleblower Websites”

“Social Media Seen as New Weapon in Graft-Busting in China”

Hacking - News Corp

"News of the World Hacking Scandal Exposed"
"Wall Street Journal Head Resigns"
"Piers Morgan Denies Phone Hacking"
"Head of Scotland Yard Resigns"
"DOJ Preparing Subpoenas"
"PM Cameron Grilled by Parliament"

"Panel in Hacking Finds Murdoch Unfit"

- "...not a fit person"
- "...exhibited willful blindness"
- "...a culture that permeated throughout the organization"
- "...speaks volumes about the lack of effective corporate governance..."

Cyber Threats

- "FBI Director Warns of Growing Cyber Threat"
- "Internal Sabotage Security Risks Rising"
- "Mass Leak of Client Data Rattles Swiss Banking"
- "Social Media Use Puts Companies At Risk"
- "Unseen Security Risks Lurk in the Copy Room"
- "Data Breaches Are Heaviest At Hotels"
- "White House Focus on Nuclear Terrorism Gets Scrutiny"
- "Senators Seek Documents on Fort Hood Suspect"
- "Terror Attack on US Flight to Detroit Investigated"
- "Deloitte Poll: respondents Lack Confidence in Ability of Private Enterprises to Reduce the Occurrence of Cyber Crimes"

Cyber Threats

"FBI's New Campaign Targets Corporate Espionage"

The Wall Street Journal
May 11, 2012

Cyber Issues

"Bloomberg Discloses It May Have Spied on Clients"

The Guardian
May 17, 2013

"In Bloomberg Uproar, Ethics Flags for New Media"

CNBC
May 16, 2013

"The Web's New Goldmine: Your Secrets"

Wall Street Journal
7-30-11

"Code of Ethics in Mississippi Restricts Social Media Interaction Between Teachers and Students"

Mississippi Teachers Code
8-9-11

“Online Monitoring of Jobs Candidates Raises Disturbing Questions”

Ethikos
8-10-11

“What to Think About Before You Hit the Send Button”

- “...always happy to help”
- “...for you, anything”
- “...done, for you big boy.”

- “It could be structured for cows and we would rate it”

- “I managed to sell a few abacus bonds to widows and orphans.”

Social Media

“These little devices we carry around with us are so powerful they change not only what we do, but also who we are.”

“We’ve become accustomed to being ‘along together’ ...we’ve gotten used to being a tribe of one, loyal to our own party.”

“Texting, email and posting let us present the self we want to be. This means we can edit. And if we wish to we can delete. Or re-touch: the voice, the flesh, the face, the body. Not too much, not too little – just right.”

“We use technology to define ourselves...I share, therefore I am.”

The Flight from Conversation
April 22, 2012
The New York Times

“The 99 Percent Wakes Up”

The Daily Beast
May 4, 2012

Nobel laureate Joseph Stiglitz says the world is finally rising up and demanding a democracy where people, not dollars, matter. The best money that government can buy just isn’t good enough.”

Across the globe there has been a profound loss of trust in every part of society:

- markets
- financial institutions
- organizations
- government
- leaders

The Responsible Leader

David Greenberg

1. If clients don’t trust you, they will eventually stop doing business with you.
2. Trust is relational, not transactional
3. Trust is not about following rules or showing the other person how law abiding you are. It’s about values.
4. It is difficult to earn and preserve clients’ trust if trust is not the common currency in your organization.
5. Organizational culture is the primary driver of trust.

You can't legislate trust.

What is trust?

How do you build trust?

Culture

"A system of shared values"

"The underlying assumptions, beliefs, attitudes and expectations shared by an organization."

*"It's the way things **really** get done around here."*

Central Concepts of Corporate Culture

1. They're collective.
2. It's what members agree about.
3. They're emotionally charged
4. They're historically based
5. They're inherently symbolic
6. They're dynamic
7. They're vague, at times contradictory
8. They're paradoxical

Corporate Culture

| | |
|--|--------------------|
|  | Ikea |
|  | Starbucks |
|  | Dannon |
|  | Michelin |
|  | FedEx |
|  | Southwest Airlines |
|  | Google |
|  | PLDT |

The Dark Side of Culture

- ❑ “U.S. Targets Insider Culture: Ex-Goldman Director Gupta Indicted”
- ❑ “News Corp Attorney Noted Hacking Culture”
- ❑ “Culture of Complacency at BP”
- ❑ “Culture Kills: The Legacy of Massey Energy”
- ❑ “Goldman Sachs: A Culture of Recklessness and Greed”
- ❑ “Culture Was Corrupt at Olympus”
- ❑ “Toyota: Secretive Culture”
- ❑ “TEPCO: Culture of Compartmentalization”
- ❑ “Korea Crippled by Culture of Corruption”

Culture trumps compliance!

The Power of Culture

“In the fight between culture and compliance, culture will always win.”

Paula Rosput Reynolds
Director of BAE Systems, Delta Airlines
Anadarko Petroleum, TransCanada

Strong cultures self-regulate

On Culture

“We shape our culture and, therefore, it shapes us.”

Winston Churchill

On Culture

“To be a great company, you must be a good company”

Jeffrey Immelt, GE CEO

On Culture

"We will not change what's wrong with our culture through legislation, or by choosing up sides on party affiliations. We will change it by small acts of courage and kindness, and by recognizing each of us has his or her own obligation to set a proper example. Aspire to decency. Practice civility toward one another. Admire and emulate ethical behavior wherever you find it. There is no mystery here. You know what to do. Now go out and do it."

Ted Koppel

Ethics and Shareholder Value

- ❑ 1970 - Milton Friedman's NY Times op-ed piece: "The Social Responsibility of Business is to Maximize Profits"
- ❑ Peter Drucker long believed that firms were accountable to society beyond the bottom line. *"Free enterprise cannot be justified as being good for business. It must be justified as being good for society."*

Capitalism today is undergoing an "extreme makeover."

Companies without a soul are becoming increasingly isolated by stakeholders' needs and interests.

There is a flight to integrity.

There is a flight to meaning.

Ethics and Shareholder Value

Whole Foods – "Declaration of Interdependence"

- ❑ Mission driven company
- ❑ Quality is a state of mind

"Our motto – **Whole Foods, Whole People, Whole Planet** – emphasizes that our vision reaches far beyond just being a food retailer. Our success is measured...by customer satisfaction, team excellence and happiness, ROI, improvement in the environment...Our ability to instill a clear sense of interdependence among our various stakeholders is contingent upon our efforts to communicate more often, more openly, and more compassionately.

"Satisfying all of our stakeholders is our goal...make sure the interests of our various stakeholders are in balance."

Ethics and Shareholder Value

Wegman's- "Good people, working toward a common goal, can accomplish anything they set out to do."

Well above average wages
Affordable healthcare
401k match, plus pensions
Scholarships for EE's

"If we take care of our employees, they'll take care of our customers."

Operating margins are double that of big stores.
Sales are 50% higher per sq. ft.

Ethics and Shareholder Value

Patagonia – "Living the examined life"

- ❑ Environmental internship program (2mos. w/ full pay and benefits)
- ❑ Uses only renewable energy
- ❑ Uses only organically grown cotton
- ❑ Places high demand on suppliers
-for quality, environmental compliance, and social responsibility
-willing to create L/T relationships
-supplier selection is not based upon price

Ethics and Shareholder Value

Honda

- ❑ Suspends ranks to address solutions
- ❑ Will marry a supplier for life
- ❑ The Green factory (years ahead of EPA standards)

Harley Davidson

- ❑ Anyone on any day can suggest change

The Container Store

- ❑ New hires get 241 hours of training 1st yr.

Southwest Airlines

- ❑ 96 EE member “culture committee”

- ❑ “If approached in a strategic way (ethics) and social responsibility can become a competitive advantage” (Michael Porter and Mark Kramer, HBR 2006).
- ❑ Porter and Kramer believe that most businesses are tactical and reactive because “they focus on the tension between business and society rather than the interdependence.”

“Social responsibility objectives need to be built into the strategy of the business, rather than merely a statement of good intentions.”

Peter Drucker

The Benefits of Ethics and Social Responsibility

- ❑ Improved reputation and brand
- ❑ Strengthened ability to attract quality employees
- ❑ Raises employee morale
- ❑ Lowers employee turnover
- ❑ Enhanced ability to raise capital
- ❑ Improved customer satisfaction and, therefore, loyalty
- ❑ Stronger competitive position
- ❑ Improved financial performance

Looking Ahead

- ❑ Leaders must consider their responsibility to something beyond quarterly earnings.
- ❑ Indeed, a leader’s greatest obligation is to make possible an environment where great aspirations are empowered by the desire to contribute something good and positive in the world.
- ❑ Companies without a soul face a troubling future.

CSR – Looking Ahead

- ❑ Economics, from “oikonomia” = “steward of the manor.”
- ❑ Leaders must understand their role as “stewards” for society and the next generation.

The Oklahoma Business Ethics Consortium

Promoting Integrity at Work

A defining moment...