

The phone rings, and a rather worried fellow in the business group covering Eastern Europe, Bill Jones, says: "Jane, we have a problem." With some coaxing, he tells you the following:

Five years ago, the Company did a joint venture with a fellow named Charlescountry East. Company put up \$1,000,000, Mr. East put up \$250,000 and he has been running the JV as CEO, with Bill as EVP. The business has involved marketing to hospitals all across Eastern Europe, although the bulk of the business has involved sales in the Country East Republic.

Business has slowed of late and there had been talk about how to unwind the company with Charlie and buy out his interest, but he had balked and had pressed for "more time" to improve the business. He had, about a month ago, told Jones that he had "some hot connections brewing that could turn the entire business around" and really improve sales, with the potential to "make us a lot of money."

Then Bill sighed: "today, I popped open my laptop, and, because Charlie has always made me nervous, I have a Google alert with his name. Lo and behold, I see an alert indicating he has just become a commissioner on the key purchasing agency that handles whether we get on hospital formularies in Country East."

Bill admits that Charlie East has long been close friends with the other four remaining commissioners and he now becomes the fifth. Bill says Charlie told him he would recuse himself to avoid any "bad appearance" but "then he told me not to worry." You probe a little bit and you find out that Bill and Charlie have vacationed together four times in the past five years, including a two month motorcycle crossing of the Sahara Dessert, along with five other guys, two years ago. Bill sheepishly admits that two of the other four guys are two of the other four commissioners.

Bill "can't remember" who paid their expenses but is "pretty sure there aren't any real issues."

Not only is Charlie a shareholder, he may be owed a bonus for 2015 and there is a question whether he should be paid any severance. When you press Charlie for past practices he says: "there aren't any relevant." Bill also says he heard somewhere that Charlie might not have paid the "full \$250,000", there might be a "note somewhere" but he has never seen the note.

Issues? Steps you can take? Should the bonus be paid? Severance? What about the "ownership?"

You hang up on Bill and Jane Jones, no relation, calls to tell you that the Company is seeking to expand into Country SEAsia , where Company has never done business. Jane says she has been trying to get help from the main world wide distributor, Beta, to enter Country SEAsia.

Jane tells you that the companies have been working together over the past several months to obtain the requisite registrations and permits, but delivery of the permits has been delayed several times. "I have never seen such hard to explain and understand delays, ever, anywhere. Every time we got close, some other issue popped up." "Because we couldn't get off the dime, Beta's country manager in SEAsia recommend that we hire a local representative to help obtain the appropriate registrations and permits with local authorities. "He said he knew just the right guy with the right connections."

"I have been trying to manage this guy, and that hasn't been easy because I am, well, 10,000 miles away, so I asked Beta to take responsibility for contracting and payment of the agent as well as ownership of the applicable registration and permits." Jane tells you she had "had already agreed upon a flat fee arrangement with the agent and I have told Beta" to use the agreed-upon rates. "But Beta tells me that the fees are steep, steeper than they would have paid" although they have admitted their knowledge of the market and appropriate fees is limited. And, "they are nervous, because of the recent FCPA cases involving that country, and want us to indemnify them against any liability."

What do you do?

This isn't your week.

The lead auditor for the Italian sub that sells diagnostic equipment has spotted that one of the private clinics in Italy was shipped devices at 150% of list price. "Kinda weird" he says, "I mean, who pays us above our list price?" In checking that out, the auditor tells you, he found invoices to a non-approved consulting firm at a "bizarre" round figure. When he asked one of his buddies he could trust in country to do some very quiet snooping, he found emails between the consulting firm and the private clinic's procurement manager. You ask: "did anyone report this in country?" and he says: "what, are you kidding? the lead in country is the same guy who approved the consulting payment."

FCPA issue? Compliance structural problems?