

# Managing Internal Investigations

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**COMPLIANCE WEEK 2012**

## Verizon at a Glance

- Fortune 500 rank = 16
- 2011 revenue: \$110.9B
- 192,000 employees worldwide
- 130m domestic customer connections
- Global IP network serving 150 countries



# Compliance Structure & Partners

Oversight: Audit Committee of Verizon Board

HR	Legal		Finance
Ethics Office	Compliance	Security	Internal Audit
<ul style="list-style-type: none"><li>• <i>Ethics Hotline</i></li></ul>	<ul style="list-style-type: none"><li>• Chief Compliance Officer</li><li>• Chief Compliance Counsel</li><li>• 5 additional lawyers</li></ul>	<ul style="list-style-type: none"><li>• <i>Security Hotline</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Accounting Complaint Hotline</i></li></ul>



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## Directing Matters to the Compliance Group

- Compliance Group will lead investigation if:
  - Government involvement
  - Underlying third-party legal dispute or legal issue
    - Coordination with other legal department groups
  - Senior Management involvement
  - Other sensitive matters (publicity)
- Funneling Matters to Compliance Group:
  - Corporate policy statement with fixed criteria for reporting certain matters to Chief Compliance Officer
  - Formal and informal meetings/communications with compliance partners
  - Line of business attorneys serve as antennae – messaging to line of business lawyers



# Assessing Risks Posed by the Inquiry/Complaint

- Source of the claim: is the government involved?
  - Is a reporting obligation triggered?
- Is there a potential violation of law or just internal policy?
- Is the incident isolated or part of a broader practice?
  - Is this a continuing practice with ongoing risk?

But the bottom line is: Err on the side of caution

- Always practice good compliance hygiene, including:
  - Document retention
  - Upjohn warnings



# Structuring the Investigative Team

- Resources directed by counsel to preserve attorney-client privilege
- Security
  - Investigative skills; law enforcement contacts
- Internal Audit
  - Accounting, financial investigations
- Outside Counsel
  - Credibility considerations; specific relationships; subject matter expertise
- Notify other stakeholders, where appropriate: PR, senior management



# Managing Internal Investigations

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## *Managing Internal Investigations*

### BB&T (Branch Banking and Trust)

- One of the ten largest U.S. financial institutions
- \$174.8 billion in assets and \$21.9 billion in market capitalization
- Approximately 1800 financial centers in 12 states and D.C.
- Approximately 32,000 employees



# *Managing Internal Investigations*

## **Process**

- One hotline
- Third party intake
- Referrals to proper handler
- Case management system
- Record retention

# *Managing Internal Investigations*

## **Departments Involved**

- HR = Owner of process
- HR refers to Legal if SEC
- HR refers to Audit if SOX
- HR handles remainder, involving Key Players plus Corporate Investigations, as needed
- Case management system used for consistency and for record-keeping
- Quarterly and annual review of types and trends

# *Managing Internal Investigations*

## **Other Considerations**

- Two-person rule
  - Interviewer
  - Scribe
- File handling
- Attorney Client Privilege