

Case Study: Improving Your Compliant Handling Process

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COMPLIANCE WEEK 2012

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- *Worried that nobody is calling your whistleblower hotline?*
- *Concerned that all complaints received are handled in an appropriate and timely manner?*

This presentation outlines how Prudential Financial conducted a top-to-bottom, enterprise-wide review of its employee complaint handling processes to enhance its internal system in today's era of competing external bounties and rewards.

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Why?

- Under Dodd-Frank Section 922, the SEC adopted final rules incenting whistleblowers to report violations of securities laws to the SEC for a “bounty” of 10-30% of any monetary sanctions exceeding \$1 million
- Whistleblowers are not required to report internally first
- Complaints that are reported internally must be evaluated within 120 days after receipt

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Approach

- Broad scope of review (not just reports of potential securities law violations)
- Holistic approach, more than just a “process” review

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Objectives

Culture

Enhance Prudential's "speak up" culture to encourage and empower employees to raise complaints/concerns without fear of retaliation.

Process

Identify opportunities to enhance the expeditious receipt, review and resolution of employee complaints/concerns.

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In Scope

Domestic

- Includes all employee complaints (regardless of whether there are potential securities law issues covered under Dodd-Frank Section 922)

International

- Sarbanes-Oxley concerns
- FCPA concerns
- U.S. businesses in international locations
- Investment advisory issues

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- Enterprise-wide participation on project
- Two working teams
- Steering committee

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Process Review

- ***Internal***
 - Centralized vs. decentralized
 - Process maps
- ***External***
 - Research
 - Benchmarking

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Culture Review

- ***Internal***
 - Where are we now
 - Cultural drivers
- ***External***
 - Research
 - Benchmarking

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Recommendation Highlights

Senior level review team



Major “speak up” campaign



Educate on anti-retaliation



Revise investigative protocols



Demystify the process



Middle management tools and support

Questions?

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