

Changes at the SEC's Division of Enforcement

Introduction

On February 24–25, 2010, members of the Audit Committee Leadership Network (ACLN) met in New York to discuss how the Securities and Exchange Commission's (SEC's) Division of Enforcement oversees investigations and the appropriate role and response of the audit committee.¹ For both sessions, members were joined by Bill McLucas, partner and chair of the securities department of the law firm WilmerHale, and Jeff Taylor, Ernst & Young's Americas leader for fraud investigation and dispute services. Prior to their current roles, Mr. McLucas was director of the SEC's Division of Enforcement and Mr. Taylor was the US attorney for the District of Columbia.

This document reflects a summary of the key points raised in the discussion on changes at the SEC's Division of Enforcement, along with selected perspectives that members and guests shared before, during, and after the meeting.² For further information about the network, see "About this document," on page 8. For a full list of participants, see Appendix 1, on page 9. For short biographies of the guests, see Appendix 2, on page 10.

Executive summary

Mary Schapiro assumed the chairmanship of the SEC in January 2009, during a time of crisis. In February 2009, she brought in Robert Khuzami, the former head of litigation at Deutsche Bank and a former criminal prosecutor in the Southern District of New York, to serve as director of the Division of Enforcement. Together, they have made it clear that the SEC intends to enhance enforcement and to coordinate civil and criminal enforcement efforts with the Department of Justice (DOJ) more effectively. Changes already implemented or under way at the Division of Enforcement also signal a broad effort to mirror the approach of seeking out offenders taken by US attorneys' offices.

§ **An overhaul of the Division of Enforcement** (*Page 2*)

In the wake of the financial crisis and the Bernard Madoff scandal, and in the context of widespread public outrage over how the SEC responded to those crises, the agency has adopted an ambitious agenda to reorganize the Division of Enforcement to enhance its effectiveness. In a climate of political and public pressure that Mr. McLucas described as "*a worrisome cocktail*," it is not yet clear how the changes being implemented by Ms. Schapiro and Mr. Khuzami will influence cases in US courts.

§ **Enabling Division attorneys to do front-line investigative work** (*Page 3*)

Mr. Khuzami has granted lower levels of the Division of Enforcement greater authority to approve routine case decisions, and he plans to increase staff throughout the Division, and particularly in the trial

¹ Audit Committee Leadership Network, "[The audit committee's role in overseeing investigations](#)," *ViewPoints*, March 23, 2010.

² *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and guests and their company affiliations are a matter of public record, but comments made before and during meetings are not attributed to individuals or corporations. Member and guest quotes, from conversations held prior to and after the meeting as well as during the meeting itself, appear in italics.

unit. A push for specialization is underway that will allow staff to focus more deeply on key problem areas and to be more proactive in looking for cases.

§ **Streamlining processes to remove bureaucracy** (Page 5)

Ms. Schapiro and Mr. Khuzami have empowered the Enforcement Division staff to initiate formal investigations and issue subpoenas, a power once reserved only for the Commission. The goal is to move cases along more quickly and remove bureaucratic impediments. Already more than twice as many investigations have been initiated in 2009 than were initiated in all of 2008.

§ **New tools to encourage cooperation** (Page 6)

Cooperation is a key focus for the SEC, and new tools have been developed to encourage corporations and individuals to come forward and cooperate with the SEC during investigations. Nevertheless, the credit given for such cooperation is still unclear, and Mr. Khuzami's declaration that only "extraordinary cooperation" will be rewarded complicates the questions of whether and how companies and individuals should cooperate.

An overhaul of the Division of Enforcement

It is no secret that President Obama's appointment of Mary Schapiro as the new chairman of the SEC in January 2009 was intended to bring significant change to the agency in the wake of the financial crisis. Speaking to ACLN members, Mr. McLucas said:

If you look at the environment in which Mary Schapiro took office, it was tough. The SEC missed [the tips about] Madoff. They experienced the worst-ever Congressional hearing they've ever been subjected to. They [initially] declined to address the question of how the Madoff scandal was missed in response to Congressional hearings, and the consequence was a disaster. Aside from the Madoff case, the perception that the SEC was not a serious player during the government's response to the financial crisis has eroded the agency's stature.

With a clear mandate to be tough, Ms. Schapiro made ramping up enforcement a priority. In February 2009, she appointed Robert Khuzami, a former criminal prosecutor, to head of the Division of Enforcement. Mr. McLucas said, *"That Mary reached out to Khuzami was a good sign – he was a good choice for change. The message became clear: the SEC is looking ... for opportunities to prosecute people criminally."*

Still, public anger over the SEC's performance prior to the financial crisis along with the Bernard Madoff scandal has some observers pushing for an even more aggressive level of enforcement. In a recent case involving Bank of America, US district Judge Jed Rakoff, who last year rejected a \$33 million settlement with the bank that was accused of misleading shareholders in order to speed up the purchase of Merrill Lynch, reluctantly approved the SEC's proposed settlement of \$150 million, yet criticized the amount as

“paltry.” He stated in the decision, “while better than nothing, this is half-baked justice at best.”³ Mr. McLucas explained, “*This type of rhetoric mirrors the appetite of the public to see [real] accountability.*”

President Obama has proposed a \$1.23 billion budget for the SEC for fiscal year 2011, almost a 12% increase over fiscal year 2010,⁴ indicating executive support for Ms. Schapiro’s approach and agenda to date.

However, some observers believe the pendulum has already swung too far. A member commented in a pre-meeting conversation, “*The SEC has become quite an anti-business administration, which I didn’t expect from Schapiro.*” Speaking at the meeting, Mr. McLucas said,

There are a couple of huge risks [with the SEC’s current approach]. [First, there is the risk of] overreaction on the enforcement side. We’re still in a period of public outrage. [The] Enforcement [Division] is getting tough, and it will lead to some rough justice for individuals.

[Second,] there are risks to the independence of the institution from both sides of Pennsylvania Avenue ... For example, the short-selling rule⁵ passed, I believe, due to political pressure, although it won’t have a significantly negative effect on the market; it’s a modest rule. The climate change release⁶ is another example. This seems to be a concession to interest groups. [In my opinion,] the SEC has more important things to do [than put out rules like this.]

It is not yet possible to judge the impact of the overhaul of the Division. Mr. McLucas suggested that judicial checks and balances may counterbalance instances in which the SEC is overly aggressive.

Enabling Division attorneys to do front-line investigative work

Mr. Khuzami has described the changes to the Division of Enforcement as “the biggest reorganization of the Division in more than 30 years.”⁷ In a conversation after the meeting, Mr. Taylor commented, “*The new structure is like the DOJ. They are taking a more prosecutorial approach and will be going out looking for cases rather than waiting for them to arise.*” For example, Mr. Khuzami has flattened the Division’s management hierarchy by eliminating the branch chief position with the goal of freeing up attorneys to do investigative work. In a speech announcing this change, he said, “We will reduce the number of managers by redeploying our branch chiefs – some of whom are our best and brightest performers – to the heart-and-soul function of the SEC – conducting investigations.”⁸ Mr. McLucas commented, “*[Mr. Khuzami] saw this layer as redundant, and it was probably a good management move. The agency needed change.*”

³ Nathaniel Popper, “[Bank of America’s \\$150-million settlement with SEC gets grudging approval.](#)” *Los Angeles Times*, February 23, 2010.

⁴ US Securities and Exchange Commission, *In Brief: FY 2011 Congressional Justification* (Washington, DC: US Securities and Exchange Commission, 2010), 2.

⁵ In February 2010, the SEC adopted a new rule to restrict short selling a particular stock when its price has dropped more than 10 percent in one day. Short selling involves the selling of a stock that an investor does not own or has borrowed. When shorting a stock, the investor expects to buy back the stock at a later date for a lower price than it was sold for. The new rule is intended to promote market stability and preserve investor confidence.

⁶ In January 2010, the SEC voted to provide public companies with interpretive guidance on existing SEC disclosure requirements relating to the issue of climate change.

⁷ Robert Khuzami, [Remarks at news conference announcing Enforcement cooperation initiative and new senior leaders](#), January 13, 2010.

⁸ Robert Khuzami, “[My First 100 Days as Director of Enforcement.](#)” speech before the New York City Bar, August 5, 2009.

Recommendations for audit committees

While most large-cap US companies have yet to feel the impact of changes to the Division of Enforcement, Mr. McLucas and Mr. Taylor offered the following recommendations to audit chairs:

- Ø **Ensure a robust compliance system.** A proposal to amend the federal sentencing guidelines makes it clear that “the most valuable weapons a corporation and its officers and directors have against potential white collar issues are preparedness, responsiveness, and the deployment of a robust compliance program designed to identify, address and prevent issues before they become government investigations.”⁹
- Ø **Stay focused on the FCPA.** A new unit within the Division focused on investigating and prosecuting FCPA violations, new processes for initiating and managing cases, and a significant uptick in FCPA cases in recent years all signal that audit chairs should continue to stay on top of anti-bribery and fraud efforts throughout their businesses. A recent case shows the SEC may also be pushing the prosecutorial boundaries of the law: for the first time, it applied the “control person” theory of liability, holding a CEO and CFO located in the United States liable for alleged corrupt payments in Brazil that the executives did not authorize and of which they were not aware.¹⁰
- Ø **Seek to understand the impact of the SEC and DOJ focus on prosecuting individuals.** The stakes are now higher for individuals, including directors, who are involved in investigations that the SEC and DOJ are overseeing.
- Ø **Seek expert advice on the complexities of cooperating with the SEC and DOJ.** Mr. McLucas said, “*You need the smartest people in the room [helping] to figure out how to handle it. The objective is a solution for the company and its shareholders.*” Members and guests also highlighted the importance of keeping the external auditor informed about the details of an SEC investigation.
- Ø **Develop a credible relationship with the SEC.** Mr. McLucas said, “*The last thing you want is a formal order. What you are trying to do is develop a relationship of trust.*”

The Division plans to staff up as well: President Obama’s proposed budget increase for the agency for fiscal year 2011 would enable the agency to add over 380 positions,¹¹ 70 of which would be in enforcement.¹² The budget request stated, “At these staff levels, the agency estimates the SEC will be able to commence 75 additional inquiries, conduct 314 additional formal investigations,¹³ and file charges in 70 additional civil or administrative cases.”¹⁴ Speaking about his plans to add lawyers to the Division’s trial unit, Mr. Khuzami

⁹ McGuire Woods, “[Charm Offensive: Three Top DOJ, SEC Officials Describe ‘New Chapter’ in FCPA, Other White Collar Criminal Enforcement.](#)” *Legal Updates*, March 1, 2010.

¹⁰ Melissa Klein Aguilar, “[2009 Another Record Year for FCPA Actions.](#)” *Compliance Week*, January 7, 2010.

¹¹ As of September 2009, the agency employee approximately 3,600 employees.

¹² US Securities and Exchange Commission, [In Brief: FY 2011 Congressional Justification](#), 2-3.

¹³ This represents a significant jump in investigations: in 2009 the Division issued 496 orders of investigation.

¹⁴ US Securities and Exchange Commission, [In Brief: FY 2011 Congressional Justification](#), 3.

said, “It is imperative that we convey to all defendants in SEC actions that we are prepared to go to trial and we will win.”¹⁵

Specialization is a key focus for Mr. Khuzami. Five new national specialized units have been created to work together to investigate corporate wrongdoing. The five are an asset management unit, a market abuse unit, a structured and new products unit, a foreign corrupt practices unit, and a municipal securities and public pension unit. At the meeting, Mr. McLucas and Mr. Taylor commented upon the similarity of these units to the approach taken by the DOJ. In addition, there is a newly created Office of Market Intelligence, which is responsible for collecting and analyzing tips the SEC receives.

Reflecting upon the impact of these changes, Mr. McLucas said, *“They are looking to double the size of enforcement staff. They are looking to close the loop with US attorneys’ offices. They are moving to more traditional criminal investigation techniques, such as wiretaps, cooperation agreements and civil immunity grants. It’s an open question as to how, and whether, these changes will work.”*

Streamlining processes to remove bureaucracy

In one of her first moves as chairman, Ms. Schapiro made it possible for the senior staff in the Division of Enforcement to approve a formal order of investigation, where previously it had required full Commission approval (or, in urgent situations, one Commissioner acting as an ‘on duty officer.’ Mr. McLucas has described this change as “a major departure from decades of agency practice,” saying it “eliminates one of the few formal occasions for the Commission’s early involvement in the use of the Division’s resources.”¹⁶ Speaking at the meeting, he said, *“The worry I have about formal orders is twofold. First, there is easy access. They are too routine; too rote. Secondly, having to go to the five Commissioners, who were appointed by the president, was a healthy discipline. They would question [the issues] and consult other departments, such as the Office of the Chief Accountant or [the Division of Corporation Finance] ... That discipline is [now] gone.”*

In another example of delegation of authority, Mr. Khuzami empowered senior officers in branch offices to approve all routine case decisions, where before they had required the approval of the deputy director of the Division.¹⁷ Mr. Taylor said, *“They are trying to move cases along more quickly, like the Department of Justice. The idea is to empower staff without too much meddling by the middle layer of bureaucracy.”*

With staff authorized to issue former orders of investigation, attorneys in the Division may issue subpoenas much more readily. Announcing this change, Mr. Khuzami said, “Staff will no longer have to obtain advance Commission approval in most cases to issue subpoenas; instead, they will simply need approval from their senior supervisor. This means that if defense counsel resist the voluntary production of documents or witnesses, or fail to be complete and timely in responses or engage in dilatory tactics, there will very likely be a subpoena on your desk the next morning.”¹⁸

¹⁵ Robert Khuzami, “[My First 100 Days as Director of Enforcement.](#)”

¹⁶ William R. McLucas, Andrew N. Vollmer, Randall R. Lee, Douglas J. Davison, and Benjamin C. Brown, “[SEC Director of Enforcement Outlines Significant Changes Signaling Tougher, More Efficient Enforcement Environment.](#)” August 14, 2009.

¹⁷ [Ibid.](#)

¹⁸ Robert Khuzami, “[My First 100 Days as Director of Enforcement.](#)”

Mr. McLucas told ACLN members, *“Now there is a risk of staff having the ability to issue formal orders of investigation ... That’s not bad if it’s done judiciously, but do they understand the issues? There’s a lot of judgment [required]. Junior people on whose recommendation these decisions will be made may not understand the impact on careers, reputations, and business.”*

Mr. Khuzami has said that these changes to investigative processes are “designed to achieve one goal – to move our cases more quickly and to free up time and resources to take on new matters with greater urgency and impact.”¹⁹ They have already had an impact on the number of investigations under way at the SEC. In a speech in February, Ms. Schapiro reported that the issuance of formal orders of investigation in 2009 was up 128% over 2008.²⁰ It is not yet clear how this increase in the number of investigations will affect the SEC’s discipline in closing resolved cases, an issue that ACLN members have raised as a concern in other network conversations.²¹

New tools to encourage cooperation

In a January 13 speech announcing new tools to promote cooperation with the SEC, Mr. Khuzami said, “Cases aided by cooperator testimony can be made quickly and efficiently, because cooperators are most often insiders who have seen and heard all that happened. Their testimony is often spot-on and irrefutable. Charges supported by cooperator testimony can be resolved or litigated from a position of strength.”²² Division of Enforcement attorneys may now enter into:

- § **Cooperation agreements.** “Written agreements in which the Division of Enforcement agrees to recommend to the Commission that a cooperator receive credit for cooperating in its investigations or related enforcement actions. Such credit will only be extended if the cooperator provides substantial assistance in those investigations and enforcement actions.”²³
- § **Deferred prosecution agreements (DPAs).** DPAs are written agreements in which the SEC promises to forgo an enforcement action against a cooperator for a certain period of time in exchange for certain reforms, including full cooperation and compliance with certain prohibitions.
- § **Non-prosecution agreements (NPAs).** NPAs, more rare than DPAs, are essentially the same, but the SEC agrees to not prosecute the cooperator at all in exchange for the reforms.²⁴

Credit for cooperating?

Members raised questions about the true extent to which cooperation with the SEC is rewarded. Mr. McLucas said, *“I am dubious about the credit side of [cooperating with the SEC]. You say [something like], ‘We’ve made all of these changes,’ and they say, ‘Good, the penalty will be \$25 million instead of \$50*

¹⁹ [Ibid.](#)

²⁰ Mary L. Schapiro, “[Looking Ahead and Moving Forward](#),” speech, February 5, 2010.

²¹ In August 2009, John White, the former director of the Division of Corporation Finance, assured members of the US and European Audit Committee Leadership Networks that he expected the SEC to maintain a strong focus on closing investigations faster than in the past. See Audit Committee Leadership Summit, “[Regulatory and governance reform](#),” *ViewPoints*, August 4, 2009.

²² Robert Khuzami, [Remarks at news conference announcing Enforcement cooperation initiative and new senior leaders](#).

²³ [Ibid.](#)

²⁴ [Ibid.](#)

million. [But] there's a debate on what credit really is." He added that he is more apt today to question the benefits of self-reporting an issue to the SEC than he has been in previous years. Nevertheless, he advised members who have identified a significant issue to "err on the side of walking it in."

Mr. Taylor advised that when a company seeks to cooperate with the SEC proactively, "It could be the difference between a DPA/NPA or a felony charge." Members and guests agreed that advice from outside counsel is critical in determining the best approach to cooperating with the SEC.²⁵

Disclosure is an important consideration when determining whether to report an issue to the SEC. Mr. McLucas said, "At a US attorney's office, you can appeal up the line and it will be [kept confidential] ... but with the SEC, there are disclosure implications. [Staff members] don't always get it that companies have to disclose, and there are huge implications for large enterprises and global industries." In a conversation after the meeting, a member said, "In my experience, [the SEC] discloses [the investigation] earlier than you'd like, without alerting you, and they don't tell you what they're going to say. Then you read about it in the newspaper."

A new push for individual cooperation

In August 2009, Mr. Khuzami announced four new initiatives designed to encourage cooperation on the part of individuals. Previously, the most significant guidance in this area came from the so-called Seaboard Report, which addressed cooperation and credit for corporations.²⁶ This new policy directed at individuals identifies four considerations that the SEC will take into account: the assistance provided, the importance of the matter in which the individual cooperated, societal interest in holding the individual accountable, and the appropriateness, based on the individual's risk profile, of giving credit for cooperation.²⁷ As this change encourages individuals to come forward with information, Mr. McLucas believes it will significantly alter the nature of many investigations.²⁸

The Division of Enforcement's other initiatives designed to encourage cooperation by individuals are:

- § Delegation to the Division director of the authority to submit immunity requests to the DOJ
- § Ways to provide witnesses in certain cases with oral assurance early on that SEC does not intend to file charges against them
- § DPAs for individuals.²⁹

²⁵ For more information on cooperating with regulators during investigations, see Audit Committee Leadership Network, "[The audit committee's role in overseeing investigations](#)."

²⁶ The Seaboard Memo does for individuals what the 2001 Seaboard Report (officially entitled "Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934 and Commission Statement on the Relationship of Cooperation to Agency Enforcement Decisions") does for corporations. The Seaboard Report detailed how corporations must cooperate with the SEC to avoid or reduce SEC sanctions. An explanation of the Seaboard Report's significance can be found at "Compliance 101 – The Seaboard Report," *Corporate Compliance Prof Blog*, July 11, 2005.

²⁷ Melissa Klein Aguilar, "[SEC Enforcement Division Gets Sweeping Makeover](#)," *Compliance Week*, January 20, 2010.

²⁸ William R. McLucas et al. "[SEC Director of Enforcement Outlines Significant Changes Signaling Tougher, More Efficient Enforcement Environment](#)."

²⁹ Robert Khuzami, "[My First 100 Days as Director of Enforcement](#)."

In his speech outlining these changes, Mr. Khuzami said, “While I believe in giving credit for cooperation that results in tangible benefits for investors and the Enforcement program, I don’t believe in being lenient for the sake of leniency, or for rewarding persons for simply complying with routine or expected requests. For that reason, the purpose of these tools is primarily to reward extraordinary cooperation.”³⁰ It is not clear what constitutes “extraordinary cooperation.” Mr. McLucas said Khuzami’s statement *“raises a level of hesitation [when you are considering cooperating with the SEC].”*

The SEC has initiated a legislative measure to reward would-be whistleblowers. In testimony on the financial meltdown, Mr. Khuzami said, “We have recommended whistleblower legislation that would provide substantial rewards for tips from persons with unique, high-quality information. We expect this program to generate significant tips that we would not otherwise receive from persons with direct knowledge of serious securities law violations.”³¹ However, Mr. McLucas is skeptical: *“There are studies that show that economic incentives don’t motivate [whistleblowers]. It’s that they have information and feel compelled to come forward.”*

Conclusion

Over one year on from what appeared to be a “perfect storm” for the SEC, Mary Schapiro’s ambitious agenda has resonated with shareholders and the Obama administration and has restored the agency to more secure footing. With a former criminal prosecutor in charge of reinvigorating the Enforcement Division, it is perhaps no surprise that the Division is now modeling its approach on that taken by US attorneys’ officers. Only time will tell if such an approach is the right one for the Division and for US securities regulation more broadly. In the meantime, there are new considerations for audit committees wishing to stay on the right side of Enforcement, including enhancing compliance programs (especially compliance with the FCPA), understanding how the SEC’s focus on prosecuting individuals impacts cases, and seeking guidance on the complexities of when and how to cooperate with the SEC.

About this document

The Audit Committee Leadership Network is a group of audit committee chairs drawn from leading North American companies committed to improving the performance of audit committees and enhancing trust in financial markets. The network is convened by Ernst & Young and orchestrated by Tapestry Networks to access emerging best practices and share insights into issues that dominate the new audit committee environment.

ViewPoints is produced by Tapestry Networks to stimulate timely, substantive board discussions about the choices confronting audit committee members, management, and their advisers as they endeavor to fulfill their respective responsibilities to the investing public. The ultimate value of *ViewPoints* lies in its power to help all constituencies develop their own informed points of view on these important issues. Anyone who receives *ViewPoints* may share it with those in their own network. The more board members, members of management, and advisers who become systematically engaged in this dialogue, the more value will be created for all.

³⁰ [Ibid.](#)

³¹ Robert Khuzami, “[Testimony Concerning Mortgage Fraud, Securities Fraud, and the Financial Meltdown: Prosecuting Those Responsible](#),” testimony before the United States Senate Committee on the Judiciary, December 9, 2009.

Appendix 1: Participants

Audit Committee Leadership Network members participating in all or part of the meeting, who sit on the boards of approximately 13 large-, mid-, and small-cap public companies between them, included:

- § Leslie Brun, Audit Committee Chair, Merck
- § Judy Richards Hope, Audit Committee Chair, Union Pacific and General Mills
- § Labe Jackson, Audit Committee Chair, JPMorgan Chase
- § Oscar Munoz, Audit Committee Chair, Continental Airlines
- § Pam Patsley, Audit Committee Chair, Texas Instruments
- § Steve West, Audit Committee Chair, Cisco Systems
- § Chris Williams, Audit Committee Chair, Wal-Mart

Ernst & Young partners participating in the meeting included:

- § Tom Hough, Americas Vice Chair of Assurance Services
- § Steve Howe, Americas Managing Partner

The following members took part in pre-meeting and/or post-meeting discussions but were not able to attend the meeting:

- § Denny Beresford, Audit Committee Chair, Kimberly-Clark
- § John Dillon, Audit Committee Chair, Caterpillar
- § Dick Harrington, Audit Committee Chair, Xerox
- § Marie Knowles, Audit Committee Chair, McKesson
- § Mike Losh, Audit Committee Chair, TRW Automotive
- § George Muñoz, Audit Committee Chair, Altria Group and Marriott International
- § Chuck Noski, Audit Committee Chair, Microsoft and Morgan Stanley
- § Michael Steuert, Audit Committee Chair, Weyerhaeuser
- § Sandy Warner, Audit Committee Chair, General Electric Company

Appendix 2: Guest biographies

William R. McLucas

William R. McLucas is the chair of the WilmerHale's securities department and a member of the securities litigation and enforcement practice group. He joined the firm in 1998.

In 1977, Mr. McLucas joined the Securities and Exchange Commission's Division of Enforcement. He served under five successive chairmen of the SEC while he rose through the division, ultimately to serve as director of enforcement for eight years – longer than any other enforcement division director in the SEC's history. Mr. McLucas led the division's staff in numerous high-profile investigations and landmark enforcement actions including hundreds of insider trading cases and numerous inquiries and proceedings involving public companies, accounting firms, investment banks, and municipal securities markets.

Mr. McLucas is one of the most sought-after advisers to public companies, boards of directors, audit committees, and special committees dealing with corporate crises and related issues. He represents public companies, investment banks, accounting firms, and advisers to mutual funds facing a variety of corporate and market crises, as well as SEC investigations. He has led numerous audit committee and special committee inquiries and has also represented numerous corporate executives and directors in connection with SEC investigations.

Jeffrey Taylor

Jeffrey Taylor is the Ernst and Young Americas leader for fraud investigation & dispute services (FIDS), which helps companies deal with the complex issues related to fraud, regulatory compliance, and business disputes. The practice works with some of the world's largest companies and law firms helping them conduct internal investigations, identify corruption and white-collar crime, calculate damages, and assess fraud risk and corporate compliance. It also provides expert witness testimony.

Prior to joining Ernst & Young, Mr. Taylor served as the US attorney for the District of Columbia. In that role, he supervised the investigation and prosecution of cases involving government procurement fraud, the Foreign Corrupt Practices Act, healthcare fraud, corporate and securities fraud, export control violations, money laundering, public corruption, counterterrorism, and counterintelligence. He was a member of the attorney general's advisory committee and served on the subcommittees that handled white-collar crime and fraud, terrorism, and national security. Before his appointment as US attorney, Mr. Taylor served as a senior adviser to attorneys general John Ashcroft and Alberto Gonzales on national security, counterterrorism, intelligence, and criminal law matters. From 1999 to 2002, Mr. Taylor served as the chief crime counsel for the US Senate Committee on the Judiciary.

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