

The audit committee's role in overseeing investigations

Introduction

On February 24–25, 2010, members of the Audit Committee Leadership Network (ACLN) met in New York to discuss the current approach of the Securities and Exchange Commission's Division of Enforcement¹ and the audit committee's role in overseeing investigations. 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.

The discussion on investigations focused on the types of investigations audit committees typically oversee, such as cases of financial fraud or violations of the Foreign Corrupt Practices Act (FCPA). This document reflects a summary of the key points raised in the meeting, along with selected perspectives that members shared before and after the meeting.² For further information about the network, see "About this document," on page 9. For a full list of participants, see Appendix 1, on page 10. For short biographies of the guests, see Appendix 3, on page 12.

Executive summary

At some point, all companies and their boards face the challenge of conducting investigations of potential fraud or other serious issues. These investigations can be complicated and sensitive undertakings, involving a number of stakeholders, and they are often subject to intense scrutiny. Meeting participants discussed the conduct of these investigations by looking at their three main phases:

§ **Conducting the preliminary inquiry** *(Page 2)*

Participants pointed to the importance of an escalation process that ensures audit committee oversight of significant investigations. They described the typical criteria for audit committee involvement and noted that certain issues, such as financial reporting problems, malfeasance by named executive officers, and FCPA violations, usually require active leadership by the audit committee. Participants reflected that outside experts are called in to assist not only because of their expertise, but because of their independence, a key factor in establishing the credibility of an investigation. Participants recommended that the scope of an investigation be carefully established with the outside advisers.

§ **Overseeing the full investigation** *(Page 5)*

Once the investigation is under way, good communication will help the audit committee chair keep it under control. Participants noted that if violations of the law are uncovered, the company should notify regulators quickly and cooperate as fully as possible. Protection of attorney-client privilege should not be

¹ Audit Committee Leadership Network, "[Changes at the SEC's Division of Enforcement](#)," *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.

pursued to the point of alienating regulators and/or the independent auditor. Any material finding of an investigation should also be disclosed to shareholders and the public.

§ **Concluding the investigation and monitoring remediation** (Page 8)

Participants noted that an investigation must be comprehensive and thorough, but not excessive. Again, clear communications between the team members conducting the investigation and the audit committee will help clarify when the investigation is complete. After the investigation is concluded, the audit committee and board must monitor further interactions with regulators and the implementation of any remedial measures.

For questions for the audit committee to consider about investigations, see Appendix 2 on page 11.

Conducting the preliminary inquiry

At any large company, incidents and issues arise that may require investigation. The source could be whistleblower hotlines, alerts from internal or external audit, allegations by customers or vendors, or actions by regulators. Regulators, shareholders, and the public pay close attention to how companies investigate these issues. Derivative lawsuits, in which shareholders sue company officers or directors on behalf of the company, may challenge the conduct of investigations.³

These factors mean that investigations must be conducted with the utmost care, beginning with the first phase, in which decisions are made regarding the level of board and audit committee involvement, the use of external resources, and the scope of the investigation.

The escalation process

How do audit chairs receive information about issues that may require investigation? Several members reported that they get a comprehensive list of issues and then decide which ones require their involvement. One audit chair noted, *"I'm given a list ... frequently. Most [issues] are minimal, but it's a [way to] check. It's all written down. If it's a big issue, the whole audit committee and board may see it."* Another said, *"We have a running list of issues that comes to the audit committee. In general, we want to know what the overall trend is – to see a dashboard."*

Members tended to be more worried about management failing to report issues than about getting too much information. They believe that when in doubt, management should err on the side of communicating with the audit committee: *"I know for sure I do not want the person raising the issue to make that decision. I want them to make the call to the audit committee chair (or lead director) to make that decision."* Mr. McLucas described the dilemma a general counsel might face but validated the importance of informing the board: *"The biggest issue on the general counsel side is the loyalty to the CEO ... It's a diplomatic tightrope for the general counsel. I usually give them a shove to get it to the audit committee chair."*

³ Other corporate stakeholders may also file suits. See Michael T. Gass and Allesandro Martuscelli, "[Outside Counsel and Internal Investigations](#)," *Law360*, October 16, 2009.

Criteria for audit committee involvement

In the meeting and in pre-meeting discussions, members generally agreed on the types of issues that require the audit committee to get involved in – or to initiate – an investigation, pointing to several potentially overlapping criteria:

- Ø **Financial reporting problems.** Sound financial reporting is obviously a core responsibility of the audit committee. As one member put it, *“If [the investigation is] dealing with fraud or financial statements, the audit committee definitely gets involved.”*
- Ø **A high degree of materiality.** Any issue that could have a major financial impact on the business requires audit committee attention: *“A key [issue] is the level of materiality.”*
- Ø **Allegations against senior management.** A member noted, *“If senior management is implicated, you can’t ask senior management to investigate.”* Another member said that in many companies, the involvement of named executive officers results in *“an automatic conversation with the audit committee chair.”*
- Ø **Threats to the company’s reputation.** Even if the materiality of an issue is unclear, its potential impact on the reputation of the company can still make it an audit committee issue: *“Ethical practices may not have a dollar value, but if it’s a person who should know better, who may have done something that is unethical, the more senior the person, the more you pursue it.”*
- Ø **Involvement of regulators.** Any investigation prompted by regulatory action requires audit committee attention: *“If it involves a regulatory body, I’d want to know.”*
- Ø **FCPA issues.** Potential FCPA violations could bring reputational issues as well as legal prosecution: *“You have to have zero tolerance on FCPA.”*

Members also highlighted the following considerations regarding escalating issues to the audit committee:

- § **Senior management must use good judgment.** *“You can’t contemplate all scenarios. Within a policy, you can articulate specific issues that need to be brought to the audit committee. But a policy can’t speak to everything that can happen – gut instinct comes into play.”*
- § **Audit committees should nurture trust to ensure good communications.** *“My chief legal officer knows how I will react because I’ve spent so much time with him – he’s not afraid to tell me stuff. The audit committee chair needs to spend time with management so they get comfortable.”*
- § **A decision must be made about when to notify the external auditor.** Mr. McLucas remarked that *“sooner is better than later, and more is better than less ... don’t fool with this – you’re creating process issue for yourself down the road. My view is just tell the auditors.”*

Audit committee oversight and other approaches

Members noted that the audit committee's involvement can range from monitoring to active leadership. One member said, *"There are different levels of involvement. If everyone is calling me – if it's a heart-pounding situation – I know I will have to take a proactive role. But usually some subset of internal audit and general counsel will look into the events and keep us abreast of the investigation."* In a pre-meeting conversation, one member noted that *"when it becomes a conflict for the company to manage the investigation, or where undue influence could be exerted, then it's clear that the audit committee has to take over the investigation."*

Depending on the circumstances, boards sometimes turn to other options for leading the investigation. On boards with a lead director, for example, the lead director may head up the investigation. One member remarked, *"Where you have a lead director, they want to be in charge, regardless of the issue."* Another agreed that *"the lead director is typically the first choice unless it's a financial issue."*⁴

In some cases, the board may establish a special committee of independent directors to oversee the investigation. A special committee can achieve an additional measure of independence and legitimacy, particularly for any matter concerning a conflict of interest or related-party transactions. The establishment of a special committee might even include the appointment of new directors, as one member recounted during a conversation before the meeting: *"[Our advisers] felt that things were so messed up at [the company] that we needed to name new directors to lead this investigation. The company named [several] new directors, and we became a special committee of the board."*

While the full board is generally kept abreast of all ongoing investigations, some investigations are so critical that they require the full board's active engagement. Describing a particular case in a pre-meeting discussion, one member remarked, *"It was an audit committee issue, but it was substantive and large enough that it engaged the entire board at every level and across committees."*

Engaging outside experts

Another important step early in the investigative process is deciding on whether and how to bring in outside experts, such as lawyers from an outside firm and/or forensic accountants. While investigations often draw on internal resources, such as the legal function or the internal audit team, members note that outside firms may be enlisted for two important reasons:

§ **Expertise.** Outside firms can offer expertise and specialized knowledge that go beyond what the company itself can bring to bear. As one member noted about a particular case, *"We brought in forensic auditors because we knew there was a problem, but we couldn't understand why the people that were engaging in bad behavior were doing it."* Another member recalled a time when the audit committee wanted to understand how the regulator would see the facts in a case. To gain that insight, the audit committee brought in an audit firm.

Outside lawyers are chosen from a firm, or even several firms, that have expertise in the specific areas relevant to the investigation. In many cases, directors are seeking a particular lawyer rather than a

⁴ More information about the role of lead directors is available [here](#).

particular firm. One member noted, *“If I had to do it over again, I’d try to find [a particular lawyer] again rather than just look for a big-name law firm.”* Mr. Taylor noted of outside experts more generally that *“you want someone who has been in the trenches when the bullets are flying.”*

§ **Independence.** Even if expertise is available within a company, outside firms can enhance the investigation’s independence and objectivity, and this is particularly important if and when regulators or courts get involved.⁵ As one member put it, *“When something is very sensitive and might put the company at risk, you need outside expertise. On price-fixing [allegations], for example, the board would demand that you don’t just rely on an internal person, who could cover it up.”*

Communicating the scope

Once the outside experts have been chosen, members say it is important to communicate the scope and objectives of the investigation to them as clearly as possible. It may be difficult to know where an investigation will ultimately lead, so ongoing control over outside advisers is critical. One member warned, *“When you bring in outside lawyers and auditors, they are watching their own flanks and have their own checklists. When you bring them in, you have to know this – they will do a very thorough job.”*

To the extent that certain parameters can be established early on, members report that the investigation is less likely to spin out of control. One member remarked, *“It’s easy to pile on the scope. We get a complaint, and we meet and focus on the exact complaint. There are always tangential issues – the more stones you turn over, the more issues you find. But we try to keep those separate, and if necessary, we make each one a new investigation.”*

Overseeing the full investigation

Meeting participants discussed several aspects of overseeing an ongoing investigation. One issue was how directly involved the audit committee chair should be. Some members recounted their actual participation in interviews, and Mr. McLucas noted that *“the fact that you sat in on those interviews gave weight to the investigation, as well as control.”* At the same time, added Mr. McLucas, there are times when directors might prefer not to participate directly: *“If the particular issue is uncomfortable, I don’t want the directors to have distaste for the officer in their heads for years to come.”*

Responding to concerns about out-of-control investigations, Mr. McLucas noted, *“If it’s a franchise-threatening issue [and] you bring in legal and forensic expertise, you [had] better take the lead and you [had] better be on the phone on a daily basis with the persons you’ve hired.”*

Participants also emphasized good communication with the full board, particularly regarding serious issues that involve regulators. Mr. McLucas said, *“You should be talking to your chairman,”* and a member noted, *“We report to the full board. We’re not going to put the board at risk of not knowing the issue ... They shouldn’t be left in the dark.”*

⁵ James M. Pollock and David M. Sumner, *“The New Fraud Detectives,”* *Internal Auditor*, October 2009.

Cooperating with regulators

Participants acknowledged that companies and boards are often reluctant to notify regulators about internal investigations, particularly if the issue seems fairly minor. As Mr. McLucas put it, *“Most boards won’t investigate and divulge unless it’s a huge issue. It’s more like, let’s identify [the problem] and fix it, and then if the government picks it up, we explain.”*

Nevertheless, more serious investigations are often focused on allegations that, if confirmed, constitute violations of the law that are subject to action by regulators. As an investigation proceeds, it may become evident that such a violation has occurred and that regulators need to be notified. Mr. McLucas stated, *“If criminal liability is a possibility, you’ve got to walk that in.”* Members agreed, but most members said that the decision is made by a wider group than the audit committee, with input from legal counsel. As a member noted in a pre-meeting conversation, *“You use outside counsel to determine whether you have to disclose.”*

Once notified, regulators will often allow the company to continue conducting the investigation, but they will have certain expectations. Mr. Taylor outlined the regulators’ general expectations: *“The SEC and DOJ will want a thorough investigation that is organized and conducted properly, following standard practices in gathering documentary evidence and interviewing witnesses, and using outside experts as appropriate. The scope of the investigation should be carefully calibrated. It must not be too narrow, but it also need not be overly broad. Most important, the investigation must be independent and objective.”* Mr. Taylor cautioned against too much haste in the investigative process: *“Regulators will very quickly see if you’ve forced an investigation into a two-week window, and that undermines the credibility of the effort.”*

The thorny issue of attorney-client privilege

A major worry for company officers, employees, and directors is that information turned up in an investigation might be used in lawsuits against them, including derivative suits by shareholders. Despite the involvement of legal counsel, this information is difficult and/or costly to protect under attorney-client privilege.

As part of their efforts to step up enforcement in the wake of the accounting scandals early in the century, regulators have put enormous pressure on companies to waive attorney-client privilege, which may have a variety of implications for investigations and company activities more broadly. Mr. McLucas and his colleagues detail this trend and the implications in a 2006 article in the *Journal of Criminal Law and Criminology*, arguing that the disappearance of attorney-client privilege makes employees less willing to cooperate fully.⁶

Though the Department of Justice implemented reforms in 2008 and legislation is pending in Congress to improve protection of attorney-client privilege,⁷ members generally agreed that when a company decides to cooperate with a regulator, attorney-client privilege is no longer protecting the company or its staff. Indeed, regulators may not perceive a company as cooperating unless attorney-client privilege has been waived. One

⁶ William R. McLucas, Howard M. Schapiro, and Julie J. Song, “The Decline of the Attorney-Client Privilege in the Corporate Setting,” *Journal of Criminal Law and Criminology* 96, no. 2 (2006), 621–42.

⁷ Melissa Klein Aguilar, “House Tries Again on Attorney Client Privilege Bill,” *Compliance Week*, January 4, 2010.

member reflected in a pre-meeting conversation, *“The notion of attorney-client privilege is a wonderful idea, but in these investigations, it doesn’t exist.”*

In the meeting, Mr. McLucas pointed out that attempting to protect attorney-client privilege can have significant costs beyond the loss of regulators’ goodwill. For example, companies may be tempted to withhold certain information from the external auditor in order to keep it under attorney-client privilege, but Mr. McLucas noted the company does not want a qualified opinion from its independent auditor: *“It is more important that the auditor trusts you and believes you are giving him the information than [it is] to protect attorney-client privilege.”*

Disclosures to shareholders and the public

Another question that companies must address as an investigation unfolds is whether and when to disclose information about the investigation to shareholders and the broader public. In some cases, the decision is easy because the degree of materiality requires disclosure. As a member put it in a pre-meeting conversation, *“If it’s material to the company, you have to disclose – you have no choice. If you’re sure you have some bad news, you have to disclose.”* Also, if the media have already reported on the case, the company might want to tell its side of the story.

Emergent litigation risk may also need to be disclosed, as required by FAS No. 5, the standard on reporting loss contingencies.⁸ Audit committees are aware of the need to stay on top of such risks, with one member noting, *“We get a legal report at every audit committee meeting, so we see trends in litigation. It’s a common practice at many companies.”* Potential losses due to litigation risk can be difficult to quantify, requiring a judgment based on information from a number of sources. The challenge for audit committees is how to balance the need to disclose information regarding the likelihood and size of a loss against any adverse effects that will arise from the plaintiff’s having this information. Prior to a 2008 ACLN meeting on litigation risk, a member said, *“We don’t like to disclose [the amount we reserve for litigation] because that encourages lawyers, but we have to, so we try to be conservative.”⁹*

When there is a choice about whether to disclose, members reported wrestling with the inherent complexity of gauging how the investing public will interpret and react to disclosures. Members agreed that it was better to be circumspect: *“Disclosing everything is one technique, but not mine. Continuing to disclose a lot is a waste of time and sets up a standard.”* Mr. McLucas agreed that *“there is a whole level of investigations you don’t disclose.”*

Members noted the importance of making sure that disclosed information is correct and complete. One member said, *“If you have to announce it to shareholders, then you [had] better make sure you get all the facts out and be sure to say what you’re doing ... You don’t want a trickle of disclosures.”* Another stated, *“There’s no point in disclosing until you’ve got it right.”*

⁸ Financial Accounting Standards Board, *Statement of Financial Accounting Standards No. 5: Accounting for Contingencies* (Norwalk, CT: Financial Accounting Standards Board, 1975).

⁹ See Audit Committee Leadership Network, [“Litigation risk and the audit committee.”](#) *ViewPoints*, March 14, 2008, 6.

Concluding the investigation and monitoring remediation

The conclusion of an investigation, the ongoing interactions with regulators, and the remedial actions taken in response to findings present challenges that require continued audit committee involvement.

Deciding when to stop

While the establishment and communication of clear objectives at the beginning of an investigation can facilitate the process of bringing it to a close, it may still be difficult to determine exactly when the investigation is complete. One member pointed to the need to be comprehensive: *“[We stop] when all of our questions have been answered. We talk to all the relevant people and ensure that all the material questions have been answered. You reach a point where you have gotten a handle on the scope of the problem and the people involved. Then you move to the remediation phase.”*

In pre-meeting conversations, members reiterated that good communication between the audit committee and the team conducting the investigation is key. As one member put it, *“You need to get reporting all along as to what’s happening. If you have a good relationship with these people, you’ll know when to stop. It’s like managing any project – you have to have a collaborative effort.”*

Other members noted that the involvement of regulators complicates things: *“If the investigation is purely internal, with no disclosure, then it’s easy. With the SEC [involved], it never clearly ends.”*

Achieving closure with regulators

In fact, cooperation and negotiations with regulators may continue after the investigation by the company is complete. Regulators may initiate or continue their own investigation or evaluation, requiring audit committee and board involvement. The reforms under way at the SEC could speed up the resolution of these cases, but the audit committee and the full board will need to maintain oversight over any deferred-prosecution and non-prosecution agreements, as well as the company’s overall legal strategy in negotiating settlements. Such settlements may include remedial measures that bear directly on the work of the audit committee or other committees of the board.¹⁰

Implementing and monitoring remediation

The audit committee is often closely involved in the follow-up activities that take place in the wake of an investigation, including the development and implementation of remedial measures. Regarding the role of outside experts in this process, one member underscored that the specifics of remediation cannot be outsourced: *“If you use outside experts, the onus is back on the audit committee to determine what the remediation activities are.”* Mr. Taylor noted the importance of acting quickly: *“You should act immediately on the changes, while the pain of the problem is still fresh and everyone’s attention is still focused on what went wrong.”*

¹⁰ For more information on reforms in the Division of Enforcement, see Audit Committee Leadership Network, [“Changes at the SEC’s Division of Enforcement.” ViewPoints](#), March 23, 2010.

In pre-meeting discussions, members briefly outlined some of the steps in the process of vetting and implementing the remediation:

- § **Review by external auditor and general counsel.** *“Have the company’s external auditor look to see if the remediation plan is sufficient. Ask the general counsel to see if it’s best practice.”*
- § **Implementation by company staff.** *“Turn it over to management and the internal auditor to ensure the action plan is actually implemented.”*
- § **Long-term follow-up by the audit committee.** *“It takes a while to implement substantive change ... [There should be] a year of active follow-up and periodic checking up after that.”*

Conclusion

Overseeing an investigation can be very demanding on the audit committee and its chair. As a member remarked in a pre-meeting conversation, *“We had meetings that lasted eight hours – it’s all-consuming to do it right.”* Certain practices, however, can help ensure that the effort achieves its goals while reducing the difficulties that often accompany significant investigations. Directors should enlist the assistance of carefully selected outside advisers. They should maintain good communications with the investigative team, as well as external auditors, regulators, and shareholders. As members noted, an investigation that is well managed from the earliest stages through the implementation of remedial measures can ultimately leave a company stronger than it was before.

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.

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Appendix 1: Participants

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

- § Leslie Brun, Audit Committee Chair, Merck
- § Judy Richards Hope, Audit Committee Chair, General Mills and Union Pacific
- § 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, Marriott International
- § Chuck Noski, Audit Committee Chair, Microsoft and Morgan Stanley
- § Michael Steuert, Audit Committee Chair, Weyerhaeuser
- § Sandy Warner, Audit Committee Chair, General Electric

Appendix 2: Questions for audit committees

- ? When should the audit committee or board get involved in an investigation? Who should be consulted in making this decision? What is the right mix of policies and ad hoc judgment calls?
- ? What factors determine who leads an investigation? What are the advantages and disadvantages of having the audit committee chair lead the investigation? The lead director? Another director?
- ? When and how should outside experts be brought in?
- ? What approaches can help maintain a good working relationship with the external auditor during an investigation involving financial reporting?
- ? What key decisions in the early stages of an investigation can prevent problems later in the process?
- ? How should the audit committee oversee the team conducting the investigation? What measures ensure sufficient control over outside experts?
- ? When should regulators be notified about issues of potential interest to them? Should a parallel internal investigation continue if regulators launch their own investigation?
- ? What is the best approach to informing shareholders and the broader public about investigations? Is it better to err on the side of more or less disclosure? What factors should be considered?
- ? How do you know when an investigation should be concluded? How can you be sure it is comprehensive but not excessive?
- ? What role should the audit committee play in negotiations with regulators that continue after the investigation by the company is complete?
- ? What are best practices for overseeing remedial measures and evaluating their longer-term success? How does the audit committee satisfy itself that sufficient remediation has been implemented?

Appendix 3: 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, health care 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.