

# INVESTOR'S BUSINESS DAILY

## Article Title: "More Firms Focus On Compliance With Federal Securities Laws "

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More companies these days are making sure they are in compliance with federal securities laws.

In the past year, many have found innovative ways to train executives and staff on compliance issues.

New financial reporting standards coming in the wake of Enron and WorldCom are pushing other companies to take another look at their compliance training procedures, says Vicki Monroe, partner at Miami-based law firm Ferrell Schultz Carter Zumpano & Fertel.

The training covers such issues as federal securities law and a company's code of ethics. Most companies require training for finance, business development, and sales and marketing personnel.

"A lot of companies have compliance features already in place, but they are going back and looking at where the gaps are," she said.

Some companies are turning to the Web for help.

A year ago, Ford Motor Co. began offering Internet-based compliance training to employees.

The sessions, delivered directly to a personal computer, cover such topics as additions to federal securities laws and the company's code of ethics.

Ford has 150,000 workers worldwide who take the training.

Online training lets employees study information at their leisure. The programs include tests at the end of each chapter. Employees must answer all questions correctly before they can move on to the next chapter.

The Internet seems the best avenue for reaching the firm's global work force, says Kate Kozlowski, director of business ethics and compliance for Ford.

"Everyone has a computer now, and Web-based training is more intuitive. It has become a more efficient way to reach more people," she said.

Ford gets its online training program from LRN, The Legal Knowledge Co., one of several companies selling online compliance training programs.

And the business of selling compliance training services is booming.

LRN has 100 corporate clients vs. about 50 a year ago, says Chief Executive Dov Seidman.

"Obviously there is an increased urgency in this area," he said.

Others agree.

Carl Nelson, president of Integrity Interactive Corp., which also sells compliance training programs, is benefiting from the companies' concerns about the issue.

"We are growing at a 250%-a-year rate since we started in 1999," he said. "Starting with the passage of the Patriot Act after Sept. 11, which tightened money-laundering rules, among other things, and running up to the present with the corporate scandals, our business is signing up new customers faster than ever."

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Despite use of the Web, Ford still provides its senior executives face-to-face meetings with compliance trainers.

"It's important for our executives to have an opportunity to ask questions, get a dialogue going and meet with others in the company to talk about it," said Ford's Kozlowski.

In many cases, companies want a combination of online and offline training, says LRN's Seidman.

"Companies can use the Web to improve and augment their compliance procedures, but some people feel there are circumstances where they need more intense training," he said.

Some companies are doing a better job than others. That was the result of a survey of 29 Fortune 200 companies conducted last year by Michael Fine, partner at Atlanta-based law firm Power Goldstein Frazer & Murphy LLP.

The survey attempted to determine the extent of these companies' compliance practices. Results were mixed.

"We found that everybody had the basics in place, but some were doing a better job than others," Fine said.

The most innovative approaches include companies tightening ties between themselves and their lawyers to better comply with federal laws, says Fine.

He also found that some companies are training lower-level managers to be more accountable for compliance issues.

In most cases, attention to the matter starts at the top.

"The chairman and CEO send written communications to employees about compliance issues," said Charles Samel, partner and compliance specialist with global law firm Howrey Simon Arnold & White LLP.

"CEOs will constantly be asking managers how they are going to achieve and improve their legal compliance practices. That's new from last year," said Samel. "That's the difference between lip service and striving to meet a measurable objective."

Companies have to be careful about compliance messages, says Fine.

"If it comes from the chairman, it has to be written in a language (employees) can understand and show why the issue is important," he said.

Employees also need to know with whom to speak if they spot a problem, says [Joel Block](#), an accountant and founder of Growth-Logic Inc., a management consulting firm.

"(Companies) should create a smoke alarm system where people can have a clear line to the top if circumvention of the rules are noticed," he said.

Analysts say all compliance training has to be relevant. If it isn't, it's useless, says Fine.

"If I'm a salesperson, I probably don't need to know about environmental laws," he said.

But more companies are training salespeople for booking orders and sales. The objective is to avoid perceived improprieties in reporting methods, says Kirk Jordan, vice president of corporate ethics and compliance services for Integrity Interactive.

"The sales force could be at risk for insider trading if they lose an account that affects the stock price," he said.