
APPLES BARRELS ORCHARDS
Assessing Culture & Mitigating Misconduct Risk
SILO
GOVERNANCE SOLUTIONS:
GOAL SETTING
THE KEYS
TONE MOOD BUZZ
CULTURE
SPEAK UP + LISTEN UP
ETHICAL FADING
WINNER TAKES ALL
SPECIFIC CHALLENGING ACHIEVABLE
REALIANCE THEORY
OF DAYS IT TAKES TO:
251 REPORT OPERATIONAL LOSS
448 REPORT INTERNAL FRAUD
827 REPORT IMPROPER BUSINESS
MISSCONDUCT
Compliance final say
Inclusion + Diversity
The Board touch
ATTRITION RATE
COMPLAINTS
Culture Risk
BLAME
BYSTANDER EFFECT
no one does anything
FEAR DRIVEN
POOR COMMUNICATION
Social Bond Theory
"TAKING" A FLYER
NAMES, GAMES, EUPHEMISMS
GPROUPSURE
WHISTLE BLOWERS
+ $REWARDS
- STIGMA
better off leaving
FINES SINCE 2008
$60 BILLION
2019
1640 CEO's Resigned
Misc Selling 52%
Laundering 15%
Market Manipulation 4%
15% OTHER
3% FIRM MISSCONDUCT
THE BARRELL:
COMPANIES
PRO
mentorship needed
#14 NEW YORK Association of Certified Fraud Examiners
www.NYCFE.org
ROOT CAUSE ANALYSIS
REALITY
BROKEN WINDOWS
Model Behavior
COMPLIANCE DOCTRINE
LIKE! ME.
HIDE IT
HIRE COMPLIANCE
BLAME BAD APPLE
CORPORATE APOLOGY
OUT OF OUR HANDS
CULTURE DRIVES CONDUCT
THE ORCHARD:
Company mood Ring
INDUSTRY
SPENT ON COMPLIANCE: $180 BILLION
THE BAD APPLES
people
"Can't Unlight a Match"
COGNITIVE BIAS CODEX
philosophy vs psychology
I'M NOT BAD
SEC
"Let's go swimming :)"
Social Proof
=Rationalization
FUDGE FACTOR
"Everyone is a few small decisions away from going down a slippery slope"
"JUST THIS ONCE"
I MIGHT HAVE
AT MOST
REDUCTION WORDS
KINDA
JUSTOMCE
MAYBE
BARELY
THE LAW DOESN'T APPLY TO ME!
Speed limit
21 yo LD
25 yo LD
20 yo LD
Tom "Tipper X" Hardin
BY
Less than 1%
"I'M STILL A GOOD PERSON"
Hold Your Principles
100% The Time Not 98%
GOOD APPLES
★ KNOWLEDGE
★ NETWORKING
★ SENSE OF PROFESSIONAL MEANING
$96,000 = PROFESSIONAL SUICIDE
FBI
Body Wire
RECORDING PHONE CALLS
2008
"PAYING TOLLS"
New York
San Francisco
$1SK
2006
TECH HEDGE FUND
ILLICIT INSIDER INFO
If you lose money for the firm ill be understanding if you lose reputation ill be ruthless!
60%
14%
25%
2003 2006 2020
UN EXPLAINED STOCK SPIKES
$12 MILLION
-$3000 fee
30% → 31%
free
ISOLATED DECISION MAKING
INSIDER TRADING