

# Corporate Governance

"I believe the most important issue in business today is corporate governance compliance," said Jacob S. Frenkel of Shulman, Rogers, Gandal, Pordy & Ecker. With 82 attorneys, it is the largest independent law firm in Maryland outside of Baltimore.

Recent major corporate scandals that have received intense news coverage have

caused businesses and law firms to pay increased attention to corporate governance and compliance issues. "The cost of inattention and non-compliance could outweigh exponentially serious attention to the components of corporate governance," Frenkel said.

But one mistake that "experts" make, he added, is "the idea that one corporate

governance model fits all. That is far from the truth." Corporate governance needs of individual companies vary greatly by business and risks, Frenkel said.

He cautions against "many out there selling compliance and governance programs that they themselves found in a book or obtained at some program." Frenkel compared that to "watching a videotape of how to field a ground ball and then going out to field sharp liners from a professional ballplayer."

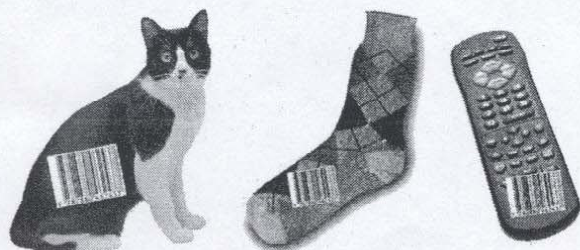
Frenkel notes that while public as well as private companies should pay attention to the requirements of the Sarbanes-Oxley Act, the measure "doesn't say anything about corporate compliance." Instead, Frenkel points to the federal Organizational Sentencing Guidelines, which set forth stricter requirements as they apply to corporate governance programs.

Corporate compliance is "a big umbrella" that covers a wide range of issues, Frenkel said. "It governs corporate ethics; how companies do business internally and

with others." For gas stations, as an example, corporate compliance relates to disposal of hazardous waste. If a company does business abroad, compliance includes adherence to the Foreign Corrupt Practices Act and other measures.

Frenkel said that whistleblower rights and protections are a key issue. "There is enhanced sensitivity to the role of the whistleblower," he said. "There's still a mindset that if somebody is a whistleblower, retribution is ok. But it's not. It's a criminal offense to punish a whistleblower for reporting."

A lesson for businesses, Frenkel added, is the importance of document retention. "You can't destroy documents when you are aware of a pending or possible government investigation," he said.



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