

ENSURING RELOCATIONS - FREE FROM CORRUPTION

TRACE-CERTIFIED GRAEBEL DELIVERS INTEGRITY – GRAEBEL UNIVERSITY UPDATE

For companies that operate internationally, transferring employees can be a stressful situation – for both transferees and relocation decision-makers. Roadblocks can pop up throughout the process, causing delays and additional expenses for hotel stays, rentals, and special services.

Unscrupulous individuals may try to take advantage of the situation and request payments to “grease” the process. While agreeing to the payment may seem advantageous at the time, this practice creates far more trouble and stress in the future.

Once word gets out that an organization is willing to make financial concessions in return for favors, other corrupt individuals will want a piece of the pie.¹ Worse still, these payments are essentially bribes. Authorizing bribes – or allowing an intermediary to make such payments, whether known or not – opens an organization up to “harsh fines and irreparable harm to [its] reputation.”²



ENFORCING A WORLDWIDE CORRUPTION PROBLEM

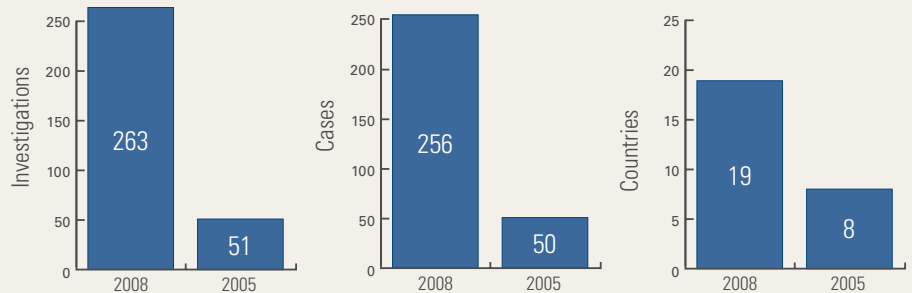
Historically, the U.S. has been the primary, if not exclusive, investigator and prosecutor of bribery of foreign officials. However, in recent years, more and more countries have joined the U.S. in its efforts to put an end to this unethical and illegal process.

As the number of prosecutions and investigations increase, multinational companies are starting to take a closer look at their risk management

programs, specifically concerning anti-bribery and corruption policies.⁴

While a corporation may not tolerate corruption or bribery internally, it must also consider the actions of its commercial intermediaries and third-party agents. If management knows or should have known that an intermediary made an inappropriate payment, the corporation is liable for the corrupt actions under the Foreign Corrupt Practices Act (FCPA). This situation has forced many companies to ask, “How well do we know our partners?”

BRIBERY AND CORRUPTION ENFORCEMENT INTENSIFIES.³



¹ Kate Atkinson. “Don’t Feed the Bears: Avoiding Corrupt Customs Officials.” Wrangleblog.com, February 11, 2009.

² James Tillen and Matthew Reinhard. “Predicting the next target?” Corporate Secretary, August 2008.

³ Richard H. Girgenti. “More Nations Bringing Bribery and Corruption Enforcement Actions.” Ethisphere, January 12, 2009.

⁴ Ibid.

SETTING AN EXAMPLE FOR OTHERS

Governments throughout the world are cracking down on companies that have gotten caught participating in bribery and corruption.

- > Oil and gas services provider, Vetco International, admitted to making more than 370 payments totaling \$2.1 million in return for preferential treatment from Nigerian customs officials. Payments were made through an international global freight forwarding company. After pleading guilty to violating the FCPA, Vetco was fined \$26 million.⁵
- > In addition to Vetco, Panalpina World Transport Holding made illegal payments to customs officials in Nigeria, Saudi Arabia, Kazakhstan, and other countries on behalf of at least a dozen oil and gas service companies.⁶ The company has since stopped operating in the Nigerian market and the U.S. Department of Justice (DOJ) is now investigating the oil and gas companies.⁷
- > The European Commission leveled fines of more than EUR 32 million on 10 international moving companies for forming a cartel. For more than 19 years, the companies participated in price fixing, falsifying quotes, and compensating one another for lost bids.⁸
- > Pasha Group, a long-time U.S. government-approved defense contractor, agreed to pay \$13 million to settle charges of conspiracy to defraud the government. Pasha was accused of rigging bids and fixing prices for transporting U.S. military household goods between the U.S. and Europe.⁹
- > Seven freight forwarding companies were fined \$666,237 for submitting inflated bids to the U.S. Department of Defense for transporting military household goods.¹⁰ For one of the companies, Allied Freight Forwarding, this ruling comes in addition to \$1.04 million paid in 2006.¹¹
- > In April of this year, three international airlines agreed to pay \$214 million in response to cargo price-fixing charges.¹²

CONDUCTING DUE DILIGENCE

To identify and address potential issues with their intermediaries, companies should perform due diligence. One organization helping multinational companies meet their anti-bribery obligations and protect themselves from risk is TRACE International.

TRACE is a non-profit membership association that is helping to shape anti-corruption policies throughout the world. Members include

intermediaries and multinational companies looking to establish anti-bribery compliance. The association helps provide clarity on international regulations that are often confusing and vague. Additionally, TRACE trains its members on the financial, legal, and reputational risks associated with bribery.

For intermediaries to become members of TRACE, they must be vetted and trained to the association's strict standards. Based on



guidelines from the DOJ and case law, as well as best practices from benchmarking surveys of international corporations, these standards include:

- > Having an effective written policy that addresses bribery, extortion, and kickbacks
- > Participating in annual anti-bribery training
- > Undergoing an extensive background review
- > Submitting to audits once a year

According to the association, "TRACE membership ensures the right questions have been asked, that a single rigorous standard has been applied, and that a company's own high standards have been communicated throughout its marketing chain."

⁵ James Tillen and Matthew Reinhard. "Predicting the next target?" Corporate Secretary, August 2008.

⁶ Ibid.

⁷ "Panalpina Quits Nigeria." Fcpablog.blogspot.com, August 19, 2008.

⁸ "Fine for price fixing among international movers." Expatica, March 26, 2008.

⁹ "Defense Contractor Pasha Group Settles Government Fraud Case." Reuters, May 29, 2008.

¹⁰ "Seven Freight Forwarding Firms to Pay U.S. \$666,237 to Resolve Bid Rigging Allegations in Violation of the False Claims Act." Department of Defense, July 21, 2008.

¹¹ "Allied Freight Forwarding Inc. Agrees to Plead Guilty to Participating in Two Bid-Rigging Conspiracies." Department of Justice, February 24, 2006.

¹² "Three Airlines Guilty in Price-Fixing Case." The Journal of Commerce, April 9, 2009.



To emphasize its commitment to full disclosure and transparency in service pricing throughout its divisions, Graebel Movers International, Inc. received TRACE certification in June 2008 and was recertified in May 2009. Through its membership, Graebel ensures its employees and its intermediaries understand what is and what is not permissible under national anti-bribery laws and international conventions.

Graebel customers can receive TRACE intermediary due diligence reports that provide detailed information on Graebel, financial information, references, and other important details on the company. These reports help minimize risk and aid customers in fulfilling the requirements of their anti-bribery policies.

HIGH PERFORMANCE AND HIGH INTEGRITY

Known for delivering superior, best-in-practice relocation services worldwide, Graebel has earned the trust of its clients, partners, employees, and other stakeholders.

Integrity is not just a word at Graebel – it is a way of life. This companywide commitment to honesty, fairness, and reliability starts at the top with the Graebel management team and filters through all employees. All divisions strictly adhere to laws and internal practices and policies. But perhaps the most telling testament is Graebel’s voluntary adoption of global ethical standards, like its certification by TRACE.

When selecting partners, Graebel only works with relocation leaders throughout the world that demonstrate the same level of high performance and high integrity. By establishing an invitation-only relocation alliance, Graebel protects not only itself, but its clients, from possible liability for corrupt acts performed by intermediaries. Alliance members must demonstrate compliance with the TRACE best practices and the Graebel anti-corruption policy, as well as participate in training and best practice sharing.

“By knowing our partners, Graebel ensures our clients receive consistent, ethical, and quality services – regardless of where they are relocating their employees,” stated Jim Petzel, president, Graebel Movers International.

Through the implementation of an effective anti-bribery and corruption compliance policy and its certification through TRACE International, Graebel significantly decreases the risk of exposing clients that are transferring employees internationally to corrupt business practices.

For more information on Graebel anti-corruption policies, please refer to the paper from Graebel University, “Reality Check – The High Cost of Bribery.” This paper is available online or can be provided by a Graebel representative. For more information on TRACE International, please visit www.traceinternational.org.

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