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INTERNAL INVESTIGATIONS

When a company receives allegations of corporate fraud or other misconduct, an effective internal investigation can be a critical tool in discovering the facts and formulating appropriate responses. Rogers & Hardin lawyers are highly experienced in conducting these investigations. We have the expertise, judgment, resources, relationships with external auditors and experience to handle internal investigations effectively and efficiently in a broad array of practice areas, including securities and financial reporting, employee impropriety, business torts and unfair competition, employment matters, bribery, embezzlement, kickbacks, and antitrust.

A SUCCESSFUL STOCK-OPTIONS BACKDATING INVESTIGATION

- **Client:** The Audit Committee of a publicly-traded technology company.
- **Challenge:** A widely-publicized study revealed possible back-dated stock options at the company. As a result, the company's auditors refused to sign off on the company's financials – which were due in just a few weeks – until they were satisfied that they could rely on the representations of management. With the deadline for the financials looming, the company faced imminent de-listing, unless the investigation was quickly and satisfactorily completed.
- **Outcome:** In just a few weeks, we completed an investigation of thousands of stock-option grants. The conclusions from our investigation were adopted by the Audit Committee, accepted by the auditors, and accepted by the SEC. As a result of the investigation, the company maintained its listing on its exchange, and the SEC took no action against the company.
- **Our approach and staffing:** We leveraged a wide array of skills and expertise to reach a successful result for our client. Our experienced attorneys designed the scope of the investigation to minimize the disruption to the business, while satisfying the exacting standards of the company's auditors. Our in-house forensic team worked hand-in-hand with a contracted computer forensic firm, and quickly isolated and provided to the attorneys relevant data for analysis. Interviews of management and other experts were productive because they were handled with professionalism and respect. And most importantly, the investigation was completed within the time period crucial to the company.

PRIDE IN INDEPENDENCE

The independence of investigative counsel is the cornerstone of a successful internal investigation. Providing independent advice to companies and boards has always been a

primary part of our practice. We enjoy being the specialists who are hired to deal with specific business problems – especially in times of corporate crisis – and we take pride in our special counsel role.

Because of our smaller size, we often have fewer conflicts with management, company counsel, or other involved constituencies than our peer firms. Our lack of conflicts bolsters our independence and helps ensure that the investigations we lead will create a robust and well-founded corporate record.

EFFICIENCY AND EFFECTIVENESS

We know and understand the immense time pressures that financial reporting and other market realities place on the completion of internal investigations. But we also know the importance of a thorough investigation that can withstand subsequent challenge or attack. We address these issues by taking a practical approach to investigation strategy, making informed judgments about scope early in the representation.

We understand when additional experts, such as accounting or computer forensic firms add value to an investigation – and when they don't – and we have the pre-existing relationships with these outside experts to retain them when necessary. Strong in-house talent – in legal, accounting, and computer forensic issues – means we can oversee the quality and cost-effectiveness of any outside work.

We staff our investigations leanly with experienced attorneys. As a result, we have a flexible, efficient, and individualized approach, tailored to the specific circumstances of the client. Our direct approach promotes efficiency and minimizes both business disruption and the likelihood of collateral consequences.

EXPERIENCE

We have quality people with deep resumes in internal investigations. Our attorneys and in-house forensic experts are up to speed on the cutting-edge issues. When our investigations involve complex accounting or legal issues, or complicated facts in highly regulated markets, chances are, we've encountered these issues before.

We also have experience dealing with the multiple constituencies involved in internal investigations, and are mindful of the various demands and complexities created by the presence of company counsel, management, outside auditors, governmental and regulatory agencies, plaintiffs' lawyers, shareholders, the market, and competitors. We know the issues of privilege and scope the presence of these constituencies can create, and we help our clients navigate these issues while discharging their fiduciary obligations.