

Inside This Issue

Special Report: Global & Domestic Compliance Readiness – Part II

See Index and Cover Page 13

Compliance Readiness Essentials – Program, Investigation And Defense Jack Holleran ERNST & YOUNG, Steven Kaufhold and Stephen A. Mansfield AKIN GUMP STRAUSS HAUER & FELD LLP*

Participants:

AMPER, POLITZNER & MATTIA, P.C.; EISNER LLP; EVERSHEDES LLP; GOODWIN PROCTER LLP; MCKENNA LONG & ALDRIDGE LLP*; MORGAN LEWIS & BOCKIUS; PROSKAUER ROSE LLP*; SILLS CUMMIS & GROSS, P.C.*. Details and other participants listed on Page 13.

Special Section: United Kingdom

See Index and Cover Page 41

The UK Is A Good Place For Business: Why So Many U.S. Businesses Choose It For Their EMEA Headquarters Paul Smith EVERSHEDES LLP

Participants:

BAKER TILLY; EVERSHEDES LLP; FRAGOMEN LLP; KING & SPALDING LLP*; MORGAN LEWIS & BOCKIUS; WEIL, GOTSHAL & MANGES LLP*. Details listed on Page 41.

Special Section: West Coast

See Index and Cover Page 51

California: A Great Business Location – With Only A Few Drawbacks Interview: Frank Reddick AKIN GUMP STRAUSS HAUER & FELD LLP*

Participants:

BALLARD SPAHR ANDREWS & INGERSOLL LLP; PROSKAUER ROSE LLP*. Details listed on Page 51.

Featured Topic

Corporate – Securities

The Risks Of The Deal – Managing M&A Transactions In China Lefan Gong JONES DAY* Page 5

Securities Litigation Today: Striking The Right Balance Interview: Steven M. Hecht and Lawrence Rolnick LOWENSTEIN SANDLER PC* Page 6

Stoneridge v. Scientific-Atlanta: Securities Fraud Defendants Look To Continue Their Streak Meir Feder JONES DAY* Page 8

The SEC Is Getting Hot And Bothered Over Climate Change Peter L. Gray MCKENNA LONG & ALDRIDGE LLP Page 11

Due Diligence: Recognizing And Assessing Risk In Uncertain Times Ken Yorkmark PROTIVITI Page 22

The SEC Releases Report On Executive Compensation Disclosure – Things To Consider For The 2008 Proxy Season David E. Rubinsky and J. Pasco Struhs WILLKIE FARR & GALLAGHER LLP* Page 29

Executive Compensation Proxy Disclosure: Achieving A Balance? Interview: Sabino (Rod) Rodriguez III DAY PITNEY LLP* Page 30

2008 Executive Compensation Disclosure: Lessons Learned From The 2007 Proxy Season And Action Items For The 2008 Proxy Season Esther L. Moreno HOLLAND & KNIGHT LLP* Page 31

SEC And Federal Reserve Board Issue Final “Push-out” Rules Charles E. Dropkin PROSKAUER ROSE LLP* Page 40

Please turn to page 3

* Supporting Law Firms

Global & Domestic Compliance Readiness – Part II (P. 13)
The United Kingdom (P. 41) • The West Coast (P. 51)

The Metropolitan Corporate Counsel[®]

Northeast Edition

www.metrocorpcounsel.com

Volume 16, No. 1

© 2008 The Metropolitan Corporate Counsel, Inc.

\$10 per copy

January 2008

Laura Stein: Leading ACC Into A Bright Future

The Editor interviews Laura Stein, Chair of the Board, Association of Corporate Counsel (ACC), and Senior Vice President - General Counsel, The Clorox Company.

Editor: Please describe your involvement with the Association of Corporate Counsel.

Stein: Shortly after I became an in-house lawyer at The Clorox Company in 1992, I joined ACC's San Francisco Bay Chapter. Clorox's corporate counsel have a long tradition of active involvement in ACC. Sarah Holt, ACC's first woman president, had previously been a Clorox lawyer. This history influenced my decision to join.

I joined ACC's National Board in 2001. I have done many things over the years with the board, such as interacting with the Pennsylvania Chapter when I was general counsel at the H.J. Heinz Company. I have been involved in ACC's activities relating to international legal affairs and the corporate and securities areas. In addition to being a past member of the Membership and Development committee, I've also chaired the Advocacy, Executive, Finance and Audit, and Services committees. In addition, I have previously served as Treasurer and Vice-Chair.

Editor: What is your role as ACC's 2008 Board Chair?

Stein: My primary responsibility is to lead the board as it sets the general direction of ACC. First and foremost, the board ensures that we are focused and committed to carrying out our mission "to promote the common professional business interests of the attorneys who are employed to practice law by corporations, associations, and other private sector organizations by developing and disseminating information, providing educational initiatives, facilitating networking opportunities, supporting collegiality and engaging in advo-



Laura Stein

cacy on behalf of the corporate counsel bar."

The Chair maintains a strong relationship with ACC generally, so I work closely with ACC President Fred Krebs and senior management on the overall direction of the Association. As we near the end of 2007, ACC can look back on a dynamic period of growth. We grew ten percent in the last year alone and we have more than 23,500 members. We anticipate having 25,000 members by year's end.

We have established ourselves as a global force with members in 48 chapters in 75 countries representing more than 10,000 organizations. In Europe alone, we have more than 950

members. We have made growth a priority in Canada, where we recently formed a chapter in Ontario – we currently have more than 400 in-house attorneys in Canada representing 144 organizations. Our growth is the result of the combined efforts and hard work of many people, including our members and sponsors, along with an intent focus on in-house issues.

Editor: What do you plan to emphasize during the coming year?

Stein: In 2008, advocacy initiatives will have high priority. We will place

Please turn to page 4

Attend
Complimentary Compliance
Readiness Seminar
San Francisco, January 24, 2008
See page 12 for details

Laura Stein

Continued from page 1

particular emphasis on protecting the attorney-client privilege. We are continuing our fight on the *Akzo* decision in Europe that denied the privilege to an in-house lawyer who was a member of the Dutch Bar. We are now working with Akzo on an appeal of that decision. Under the leadership of ACC's European Chapter President Tony Wales, the Association and its outside counsel from the Brussels office of Covington prepared and filed a brief in support of Akzo's appeal. This is part of ACC's efforts working with local and country bar associations to protect and expand the privilege as it applies to in-house lawyers throughout Europe. But our focus on the *Akzo* case does not mean we are letting down our guard here at home. We take on cases all the time in which we might file amicus briefs. Right now, we are working with our Pennsylvania Chapter to overturn a decision in Pennsylvania that threatens the in-house privilege.

We are really excited about the Veasey Report that provided anecdotal evidence to Congress of continuing efforts by prosecutors and regulators to curtail the privilege. We salute former Delaware Chief Justice Norman Veasey, who prepared that report. We are also excited about the House passage of H.R. 3013, the Attorney-Client Privilege Protection Act of 2007, which prohibits prosecutors from coercing a waiver of the attorney-client privilege. This is a significant victory in which ACC was very much involved.

Another privilege initiative is protecting the attorney-client privilege in connection with information provided to auditors. Tom Sabatino, the GC of Schering-Plough, has provided real leadership by chairing a blue ribbon panel of CLOs and audit company leaders who have issued their first report. In 2008, we will drill further to satisfy the concerns of auditors, while protecting privileged information.

Judicial pay is an additional high-priority advocacy project. The Association has had a continuing concern that the compensation of judges, both federal and state, lags too far behind that available to lawyers with comparable talents in the private sector. While we recognize that pay parity is not realistic, we have gone on record with letters to Congress in support of compensation increases for federal judges that, at a minimum, assures they are making a wage that reflects cost of living increases. It is critical to encourage talented and experienced lawyers, including those with significant experience in corporate practice, to become judges. A strong judiciary assures the rule of law. Another ACC advocacy initiative that really resonates is the national pro bono partnership project of ACC and the Pro Bono Institute. It has resulted in an expansion of in-house counsel work in the area of pro bono and now a new "Challenge" to departments and chapters to publicly announce their commitment. It is an effort that I am personally dedicated to continuing to develop and support.

In addition to our advocacy work, a high priority area for 2008 is our real "bread and butter" – our commitment to top-notch programming, events and legal resources for members. There has been some really innovative work done in that area. Specifically, we have launched an executive leadership institute and a mini-MBA program. We continue to provide opportunities for corporate counsel to meet with academics and other experts to consider important corporate issues in which corporate counsel play a role. ACC's CLO ThinkTanks bring together a select group of top CLOs in an intimate "deep dive" into controversial topics facing today's law departments. At a time of intense corporate budgetary pressures, we are working with key in-house leaders, including former ACC Board Chair Mike Roster, on the "law firm value proposition" and how we can support our members in addressing escalating outside counsel costs. We are also proud of our Corporate Legal Diversity Pipeline Program. In our Legal Resources area, we are improving our Web presence with the re-launch of the ACC Web site in the first part of 2008. We will continue to emphasize our virtual Web casts, surveys and research to make sure that our membership is better equipped to fulfill their duties. There is much pressure on in-house lawyers and we want to be there to help them address challenges. Our *Virtual Library* is an excellent, easy to access resource that provides all types of forms, documentation and articles. Our goal is to continue to make those useful for our members. And, we continue to press the issue of multi-jurisdictional practice (MJP) and to provide resources to our members to navigate MJP issues, which is particularly important to corporate counsel. We are pushing a model rule to allow temporary MJP and to permit corporate counsel to practice full-time in any state their client wishes.

Ongoing priorities are our continued work with our chapters and committees, which is where we get our strength and vibrancy, and globalization. Not only is our membership growing in the U.S., Europe and Canada as we discussed, but we are also focusing our efforts on China and Israel.

Editor: What are your greatest challenges?

Stein: We are continually challenged to increase awareness of issues important to our members – the in-house counsel community. We believe we offer an excellent platform for our messages. The challenge is to use that platform as effectively as possible so that the voice of the in-house counsel community is heard in the broader community. We have done well, and with the resources we have, we know we can do even better.

Another challenge we face is increasing our membership, both at home and internationally. To continue building on the growth and success we have already achieved, we need to place greater emphasis on leveraging our

Honor Roll Partners of Corporate Counsel

Listed below are those who through their high level of financial and editorial support of *The Metropolitan Corporate Counsel* and its many services to corporate counsel have shown they are: "Partners of Corporate Counsel."

You can help us improve and expand services to corporate counsel by exploring with your company, your suppliers and law firms ways in which they too can join our Honor Roll as "Partners of Corporate Counsel."

SUPPORTING LAW FIRMS

Akin Gump Strauss Hauer & Feld LLP
Davis & Gilbert LLP
Day Pitney LLP
Holland & Knight LLP
Jones Day
Kelley Drye & Warren LLP
King & Spalding LLP
Kirkpatrick & Lockhart Preston Gates Ellis LLP (K&L Gates)
Kramer Levin Naftalis & Frankel LLP
Lowenstein Sandler PC
McKenna Long & Aldridge LLP
Proskauer Rose LLP
Sills Cummis & Gross P.C.
Stradley Ronon Stevens & Young, LLP
Weil, Gotshal & Manges LLP
Wiley Rein LLP
Willkie Farr & Gallagher LLP
WolfBlock

PATRON PROFESSIONAL SERVICE FIRMS

Akerman Senterfitt	Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Amper, Politziner & Mattia, P.C.	Heenan Blaikie LLP
Aon Consulting	KPMG LLP
Ballard Spahr Andrews & Ingersoll, LLP	Jordan Burt LLP
Barrasso Consulting LLC	Leader & Berkon LLP
Bracewell & Giuliani LLP	Loeb & Loeb LLP
Chadbourne & Parke LLP	McKool Smith, P.C.
Connell Foley LLP	Morgan, Lewis & Bockius LLP
Cozen O'Connor	Nixon Peabody LLP
Deacons	Norris, McLaughlin & Marcus, P.A.
Drinker Biddle & Reath LLP	John E. Osborn, PC
Duff & Phelps, LLC	Phillips Lytle LLP
Eisner LLP	Robertson, Freilich, Bruno & Cohen LLC
Epstein Becker & Green, P.C.	RSM McGladrey
Ernst & Young LLP	Saul Ewing LLP
Eversheds LLP	Thompson & Knight LLP
Fragomen, Del Rey, Bernsen & Loewy, LLP	Wealth & Tax Advisory Services (WTAS)
Gianni, Orioni, Grippo & Partners	Winstead PC
Gibbons P.C.	Young, Conaway, Stargatt & Taylor, LLP
Goodwin Procter LLP	

PATRONS

BLOOMBERG LAW®	OnSite E-Discovery
CCH/Wolters Kluwer Law & Business	Practising Law Institute
Corporation Service Company®	Protiviti
DataCert, Inc.	Robert Half Legal
Fios Inc.	Special Counsel
Integrity Interactive	SPi
JAMS	TRC Companies, Inc.
Kroll Ontrack	TyMetrix
LawyerLinks, LLC	UHY Advisors Tax & Business Consultants
LexisNexis Discovery Services	West
National Arbitration Forum	

**For information, contact:
Martha Driver, Publisher, at (908) 654-4840.**

Laura Stein

Continued from page 4

infrastructure to spur further global growth.

Editor: What is the nature of ACC's relationship with the ABA?

Stein: There are a number of areas in which we work with the ABA's Business Law and Litigation sections, such as the privilege issue and other matters of relevance for our members. We look forward to continuing our collaboration with the ABA because clearly it deals with issues that impact all lawyers.

Editor: What sets the Association of Corporate Counsel apart from other professional member organizations?

Stein: ACC is the voice of the in-house bar. We stand up for corporate counsel globally, and the issues that concern them most; whether it's before the courts, the media, government agencies, legislators or bar groups.

Editor: What does the Association have planned in the coming year?

Stein: Continuing our focus on providing resources for in-house counsel at every stage of their career. Our 2007 Annual Meeting in Chicago was a great success and a perfect example of the

depth of ACC's legal resources. We had more than 3,200 attendees from 37 countries, surpassing all previous annual meetings. It was truly a wonderful way for us to celebrate our 25th anniversary! Looking ahead, we anticipate our 2008 Annual Meeting in Seattle to be even bigger and better. The meeting takes place October 19-22, 2008, and plans are well underway. There will be a stellar lineup of programs and speakers revolved around our theme, "In-house, Informed, Indispensable," which describes the typical ACC member. We will have a Corporate Counsel University Program entitled "Europe 2008" in Amsterdam in March. It will focus on legal issues germane to in-house counsel practicing in Europe and further enhance our European Chapter's reputation as the leading European organization of in-house counsel. We also have the Annual Meeting for Europe in Madrid from June 1-3, 2008. If the milestones of our success in 2007 are any indication, these are sure to be wonderful events.

We will have a mini-MBA program in March 2008. This is a new program tailored to familiarize in-house counsel with management thinking and to provide training in financial and accounting concepts. We will also offer more CLO Think Tanks. I am helping to plan one that Mike Holston, the GC of Hewlett Packard, is going to be hosting on best

practices related to the Foreign Corrupt Practices Act. Throughout the year, we plan similar events to bring CLOs together for in-depth discussions of other hot topics.

Editor: How has your position as Senior Vice President -General Counsel for The Clorox Company prepared you for this new role as ACC's Board Chair?

Stein: As Clorox's General Counsel and in my previous role as H.J. Heinz's Gen-

eral Counsel, I have worked closely with two corporate boards. I have also served on the boards of two large organizations, including one that I continue to serve on. This has given me experience and background that helps with my current role at ACC. Given the increased emphasis by ACC in serving corporate counsel throughout the world, my involvement with the corporate community globally, multiple language proficiencies and experience working in various countries lends itself to the global nature of ACC.

Paul Smith

Continued from page 41

system, as well as highly experienced means for arbitration and mediation, etc. We also are one of the few countries which cooperate with the U.S. on a broad basis, when it comes to issues like extradition, as was shown in a recent much-publicized case involving some UK bankers, who had to face the legal music in Texas in the U.S. Federal District Court, regarding aspects of the Enron case. Dealing with the UK means that in some ways we are like an extension of your own borders. The UK is "clean" (bribery and corruption are very rare) and our legal, government and business institutions are often much closer to U.S. models than is the case elsewhere in Europe. This is hardly surprising, since we both share a common law background.

The UK is "Open for Business."

Compared to much of Europe, our laws allow relative freedom of contract regarding employer-employee relations. The UK is home to a varied work force (with local UK and non-UK specialists from all over the EU and the world), with ample labour resources at all levels, from highly skilled to semi-skilled and unskilled. Strikes and work stoppages are rare (and usually are settled very quickly when they do happen). UK does not have a litigation society mentality (disputes, if they arise, tend to be settled amicably and inexpensively).

The UK is a stable democracy of very long standing and we have a strong legal and societal commitment to "diversity" (a tolerant, pluralistic multi-ethnic society). We are one of the easiest countries in which to set up most types of businesses: the costs are relatively low and the "red tape" is kept to a minimum. There is a pro-business attitude and mentality which are widespread: people in the UK need no convincing. There is also excellent (and cost-effective) air transportation all over EMEA, as well as reliable road and rail logistics for products.

UK is also very diversified, geographically: it is not all about London. There are many major centers of business (London, Manchester, Birmingham, Leeds) and Eversheds is in all of them, with a major presence. Air transport is by no means centered on London: just last week I flew to Antigua, in

the Caribbean, direct and non-stop from Manchester, in the North of England.

Other Reasons to Choose the UK for Business.

The UK is a full member of EU and thus has all the advantages of EU membership but it continues to tie its fiscal and monetary policy to its own currency and is seen as the most consistently pro-business of all large EU countries (even under "Labour" governments).

The UK is also the leader of the Commonwealth (thus we have special relations with Canada, Australia, India, and many African countries). Our competitive tax rates for business and the potential tax-free status for certain non-domiciled foreigners (individuals) also add to the overall attractiveness of the UK as an international business center and our very close geo-political ties to the USA can translate into specific advantages for certain businesses: such as the defence industry, investment banking, insurance/reinsurance. We also have a highly developed array of financial markets, including the London Stock Exchange, LIFFE (the London International Financial Futures Exchange), AIM (the London Stock Exchange's international market for smaller growing companies), not to mention NYSE-Euronext and specialized markets, such as the Baltic Exchange, in the worldwide ship chartering field, and Lloyds in the insurance business.

As the saying goes, the UK "must be doing something right": It is a traditional major destination for U.S. outward direct investment, corporate subsidiaries, branches, licensing, franchising and many other forms of business activity, including an array of compliance, regulatory, environmental and other issues relating to businesses with a worldwide scope of operations. Indeed, we are proud to be the only European-based law firm which is a Dupont Primary Law Firm.

Last but not least: the UK is a great place to "play" too: it has plenty to offer by way of culture, theatre, concerts, museums, restaurants, sports, education for ex-pat children and an all-around high quality of life. We are not all about work.

The Bottom Line.

In a nutshell: the UK is where "the action is," for all of Europe and as an ideal business base for the entire EMEA.

www.metrocorpocounsel.com

the website of

The Metropolitan Corporate Counsel

- ◆ Conduct research using our vast library of over 2,000 current and past articles, interviews and editorials
- ◆ Search our archives by practice areas from ADR to taxation, or by special topics such as diversity, global competitiveness, pro bono and civil justice
- ◆ Browse our Bulletin Board for information on CLE programs, seminars and other events in your area
- ◆ Keep up to date with corporate counsel organizational highlights, law firm partners news and policy issue alerts
- ◆ Learn more about our contributing firms and locate attorneys with valuable expertise

The Metropolitan
Corporate Counsel

Please email the author at paulsmith@eversheds.com with questions about this article.