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REDUCING RISK AND PROTECTING THE INTEGRITY OF YOUR PRIVATELY-HELD COMPANY

In recent years, numerous companies have put their businesses at risk as a result of a crisis caused by the improper actions of an employee or director. You can protect your privately-held company by ensuring your business has a good governance system in place.



WHAT IS CORPORATE GOVERNANCE?

Corporate governance is the combination of procedures, policies, customs, and goals which guide the way an organization operates.

Typically, the board of directors leads this oversight on behalf of management, shareholders, customers, and other constituents.



WHY SHOULD YOU CARE ABOUT GOOD GOVERNANCE?

Without good governance, your company could face significant problems related to government regulations, OSHA rules, directors' and officers' liability, and more. Your organization can realize better performance, however, with clearly-defined roles, a carefully considered vision, and a strong operational structure. By implementing a good governance system, we can help you avoid or minimize problems and help you:

- Protect the integrity of your brand and company
- Enhance your company's value
- Improve suitability for merger consideration
- Increase opportunities for raising equity capital
- Reduce risk and mitigate liability exposure for your management and directors
- Avoid crisis situations, litigation, and government investigations

NATIONAL STUDIES

A 2005 study of public companies from the McDonough School of Business at Georgetown University reported findings that may also be significant for privately-held companies. The study found that companies going voluntarily "beyond the mandatory requirements in adopting good corporate governance practices enjoy higher market valuations." According to the study, firms adopting just one more governance attribute saw an increase in value for the overall enterprise of 4%. Maintaining good governance can help protect your organization's brand and value. Essentially, with improved governance, you have a stronger business and may have increased accessibility to more favorable financing arrangements.



HOW CAN HARRIS BEACH HELP YOUR COMPANY?

Our experienced team can help by developing an ethics and compliance program for you or by conducting a risk assessment of your existing programs. Once the assessment is complete, we can help you implement the recommendations.

To meet the needs of many different companies, our attorneys also develop customized training programs and codes of ethics.

Your business may benefit from a customized handbook of corporate governance guidelines. Our attorneys create handbooks addressing issues such as: roles and responsibilities of the board and management; dealing with conflicts of interest; requirements for committees; definitions of executive roles; executive compensation structure; board composition and terms; voting practices; and procedures for evaluation.

In addition, we provide counsel on the new New York ethics regulations, including the Public Employee Ethics Reform Act of 2007 (PEERA), the Public Authorities Accountability Act (PAAA), and what is known as the Procurement Lobbying Law, which

addresses the procurement process by limiting contacts and attempts to influence outcomes.

An independent, outside perspective without preconceived impressions of an organization can provide valuable insight. When you retain independent counsel, you gain credibility and the opportunity to instill confidence in outside parties that matters will be objectively evaluated.

When we conduct an independent evaluation of your existing policies and procedures, we work with you to ensure your operations run smoothly and are in compliance with all applicable laws. This evaluation clearly demonstrates your organization's commitment to good governance.

By following these procedures, if your organization does become the subject of an inquiry, you are better positioned to demonstrate adherence to best practices and good intentions for compliance.

Our Government Compliance & Investigations team, which includes the former executive director of the New York State Ethics Commission, provides counsel for private, public, and not-for-profit companies.

ABOUT HARRIS BEACH

Ranked by the *National Law Journal* as a *Top 250* law firm, Harris Beach provides a full range of services for clients across New York state as well as nationally. Clients include *Fortune 500* corporations, financial institutions, health care providers, emerging technology businesses, privately-held companies, educational institutions, not-for-profit organizations, foundations, state and local governments and authorities, and individuals. Harris Beach has offices in Albany, Buffalo, Geneseo, Ithaca, New York City, Niagara Falls, Rochester, Syracuse, Yonkers, and Newark, NJ.

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