

# POLARIS

CORPORATE RISK  
MANAGEMENT

## POLARIS Monitorships

*Promote Public Trust and Combat  
Non-Compliance With Polaris*

Monitorships are common in *a myriad of industries*, including those listed below. If your company operates in any *regulation-heavy* industry, or if your operations necessitate *interactions with foreign governments*, you should be monitoring for vulnerabilities; this oversight is vital to understanding the *patterns of risk* in your field, and helps to *avoid any wrongdoing* – before your reputation incurs any damage.

### Finance & Banking



### Construction



### Real Estate



### Gaming



### Manufacturing

Regulatory bodies often rely on third-party monitors to help troubled corporations rise to higher standards of compliance. Monitors – most commonly assigned via a settlement agreement or plea bargain after corporate misconduct or illegal activity – oversee the activity of companies on the mend, to ensure that the entity progresses toward the compliance goals stipulated by their agreements. Not all Monitorships are triggered by misconduct, however; Polaris provides preventative Monitorship services to mitigate the risks and liabilities of non-compliant activity in real-time. These proactive measures help companies identify ongoing misconduct, allowing them to quickly disclose and rectify issues that arise – before any lengthy or judicial headaches.

Whether acting proactively or in remediation, Polaris can provide comprehensive Monitor programs, specially designed to counter our clients' unique risks, and to prevent any potential non-compliance. Please see below for examples of Polaris' Monitorship services, and how they can help you maintain integrity at all stages of operation.

#### Subcontractor Due Diligence

Global risk tools and local resources enable Polaris to determine if a prospective partner has any history of criminal activity. A pre-contract screening is essential to reduce your liability and maximize compliance. Polaris' deep-dive due diligence investigations can be customized to focus on areas of particular concern or industry risk.

#### Employee Training

A strong understanding of regulations – of the FCPA, the Sarbanes-Oxley Act, etc. – is the simplest and widest-reaching deterrent of non-compliant behavior. While you can't oversee the performance of every one of your employees, you can ensure that they're informed of relevant law – reducing your liability.

#### Compliance & Risk Assessments

Polaris can perform diagnostic assessments of your security and compliance posture to determine the risks specific to your business or industry. After reviews of your existing operations, policies and procedures, Polaris will work with you to address any potential weaknesses – before those weaknesses lead to misdeeds.

#### A Dedicated, Ever-Present Expert

Polaris can connect you to the best-qualified experts and assets to meet your particular needs. A single point of contact or project manager oversees the progress of each Monitorship – a dedicated expert with genuine knowledge of your business, relevant expertise, and extensive experience handling the risks endemic to your industry.

#### Post-Op & Historical Audits

Compliance doesn't end when a job or matter does; your process should be continually evolving, becoming more robust as new risks are identified. As such, post-operation and historical audits are essential, as the issues of past jobsites or transactions offer insight on where your compliance programming can continue to grow.

#### Compliance Tools & Software

Cybercrime grows more sophisticated every day; to keep pace with these ever-evolving cyber risks, your company needs risk mitigation programs that are at least as sophisticated as the crimes themselves. Polaris can equip your company with the latest tools and software for tracking threats to your compliance.

For more information, please visit us  
at [www.PolarisRsk.com](http://www.PolarisRsk.com).

## CASE STUDIES: Construction Industry & Banking/Finance Monitorships



Polaris brings significant experience and targeted expertise to each business that it monitors. Those qualifications – as well as Polaris’ multi-disciplinary approach and investigative resources – are readily visible in the examples detailed below.

Property development is fraught with non-compliance and legal risks; from rigged bidding processes, to bribery or money-laundering, the construction industry is particularly vulnerable to outside influence and fraud – and even wrongdoing by rogue insiders, as Polaris investigators found in one recent matter.



In total, the amount stolen from the company ballooned into the multi-millions. Thankfully, they didn’t need to pay too much more in restitution; because the company immediately reported the incident, their assistance was taken into account by District Attorney. Part of that settlement, however, mandated their use of a Monitorship.

Rumors of illegitimate additional costs spread through the offices and jobsites of one major construction company, after a whistleblower alerted the senior management of that company to the scheme. A group of project managers – the report alleged – had coordinated with subcontractors and vendors to artificially inflate project costs, pocketing significant sums as they charged non-existent “Service” or “Facilitation” fees. The company responded decisively, conducting an internal investigation that confirmed the allegations.

### Construction Industry Monitorships

Evaluating Vendors & Cost Approvals

Polaris’ first order of business was analyzing the irregularities at hand: how had the subcontractors/vendors been selected? How had the pocketed costs been approved?

Indeed, these inquiries uncovered some disturbing vulnerabilities: the company had almost no vendor vetting procedures, and their processes for evaluating change orders requests were obscure, and indirect. Without Polaris’ guidance, these issues may have repeated, with the root causes of non-compliance undetected.

Construction is not the only industry in which Polaris’ Monitorship services have been utilized; banking and finance institutions have relied on Polaris monitors to ensure their compliance with FCPA, Sarbanes-Oxley, and BSA regulations. In one recent case, Polaris was alerted to potential money-laundering at a longtime finance Client through the use of our AML, or Anti-Money Laundering, monitoring tools.

### Finance & Banking Monitorships

Anti-Money Laundering (AML)

Polaris’ AML efforts are aided by software programs, which track transactions as they occur and quickly compare them to a user’s typical patterns of behavior, archived transaction history, and known methods or indicators of fraud or laundering.



In this case, the software flagged a transaction by an individual who had previously been identified as high-risk due to long history of large cash transactions. Upon receiving the

incident report – which was autogenerated after a cash deposit of over \$10,000 – Polaris launched a due-diligence investigation into the individual, during which investigators discovered that the target maintained troubling professional connections to organized criminals. Polaris reported these associations to the Client and filed a SAR with FinCEN, as required by the BSA. Through swift, decisive action, Polaris helped circumvent additional enforcement action against the Client, and brought the illicit activity to the attention of the proper authorities.

This successful example of AML in action was only possible thanks to the proactive approach of our Client; had they not sought Polaris’ integrity monitoring services on their own, their system may never have flagged the problematic transaction, leaving the Client liable for the rogue employee’s actions.