

Corruption Prevention Network
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Implementing corruption prevention in a private sector context

Shanker Kalaivanan

Director of Finance

Courtyard by Marriott

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Marriott International, Inc. - Our Tradition of Integrity

- + Marriott History
- + Marriott Present
- + Definition of Fraud and Corruption
- + History of Corporate Fraud – Era 2000
- + Foreign Corrupt Practice Act
- + Aligning Directions
- + Strategic Impact of Fraud & Corruption
- + Anti Fraud/Corruption - Culture
- + Q & A



Marriott History.....1927



Washington, D.C., a pair of newlyweds from Utah opened a nine-stool A&W root beer franchise on busy 14th Street, charging thirsty patrons "five cents for a frosty mug." The future Marriott International, Inc. was born.

Soon dubbed the "Hot Shoppe," J. Willard and Alice Marriott's tiny soda fountain quickly became one of the capital city's most popular eateries.

Tireless workers, J. Willard and Alice poured their energy into every aspect of their growing business. New employees quickly learned that no detail was too small to merit the Marriotts' personal attention.

"The price of success," said J. Willard, "is hard work - not just eight hours five days a week, but nearly all our waking hours."



Marriott..... Present

- + **Marriott International, Inc.** is a leading lodging company with more than 3600 lodging properties in 71 countries.
- + The company had approximately 129,000 employees at 2010 year end.
- + It is ranked by FORTUNE as the lodging industry's most admired and the one of the best companies to work for.
- + In Fiscal year 2010, Marriott International reported sales from continuing operations of nearly \$12 billion.
- + The company's portfolio of brands includes:
- + Marriott Hotels and Resorts, The Ritz Carlton, JW Marriott Hotels and Resorts, Bulgari Hotels and Resorts, Edition, Renaissance Hotels, Autograph Collection, AC Hotels, Courtyard by Marriott, Spring Hill Suites, Fairfield Inn & Suites,
- + 19 brands across 71 countries
- + In Australia, there are 6 hotels and 2 brands (Marriott Hotels & Resorts and Courtyard by Marriott)



Definition of Fraud and Corruption

+ Definition of **FRAUD**

a : [deceit](#), [trickery](#); specifically : intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right b : an act of deceiving or misrepresenting : [trick](#)

b : a person who is not what he or she pretends to be : [impostor](#); also : one who defrauds : [cheat](#) b : one that is not what it seems or is represented to be

+ **Fraud** involves deliberate misrepresentation of facts and/or significant information to obtain undue or illegal financial advantage.

+ Definition of **CORRUPTION**

a : impairment of integrity, virtue, or moral principle : [depravity](#) b : [decay](#), [decomposition](#) c : inducement to wrong by improper or unlawful means (as bribery) d : a departure from the original or from what is pure or [correct](#)

+ **Corruption** involves effort to influence and/or the abuse of public authority through the giving or the acceptance of inducement or illegal reward for undue personal or private advantage.



History of Corporate Fraud.... ERA 2000

- + Sarbanes-Oxley Act of 2002
- + Association of Certified Fraud Examiners (ACFE) in their 2008 Report to the Nation on Occupational Fraud and Abuse projected that U.S. organizations alone lose 7% of the annual revenue to fraud = \$994 billion in losses



FCPA (Foreign Corrupt Practice Act)

- + What is FCPA
- + Enacted in 1977 by the U.S Congress
- + Restricts dealings with foreign officials
- + Imposes record keeping requirements
- + Prohibits the payment or offer of payment of anything of value to foreign officials for an improper purpose
- + Covers U.S. companies and all their employees, in all locations



Cost Impact from Non-Compliance

Non-compliance Can Be Costly

- Books and Records/ Internal Controls Violations

Up to US\$25,000,000 fine for a company

Up to US\$5,000,000 fine and 20 years in prison, or both, for an individual

- Violations of the Anti-Bribery Provisions

Up to US\$2,000,000 per violation for a company

Up to \$250,000 per violation for an individual as well as imprisonment for up to five years for that individual

Other Serious Consequences

- Damage to reputation
- Imposition of harsh and burdensome obligations such as an independent monitor
- Termination of employment



DEFINITION of “Anything of Value”

- + Money or Cash (e.g. “commissions”)
- + Political Contributions
- + Free or discounted accommodations
- + Promise of Employment
- + Flight or hotel upgrades
- + Confidential information that confers potential benefit
- + Gifts
- + Stock and other investment opportunities
- + Hospitality and Entertainment
- + Waivers of rules that normally apply



“70% of strategic failures come from poor execution of leadership; It’s rarely from lack of smarts or vision”

Ram Charan



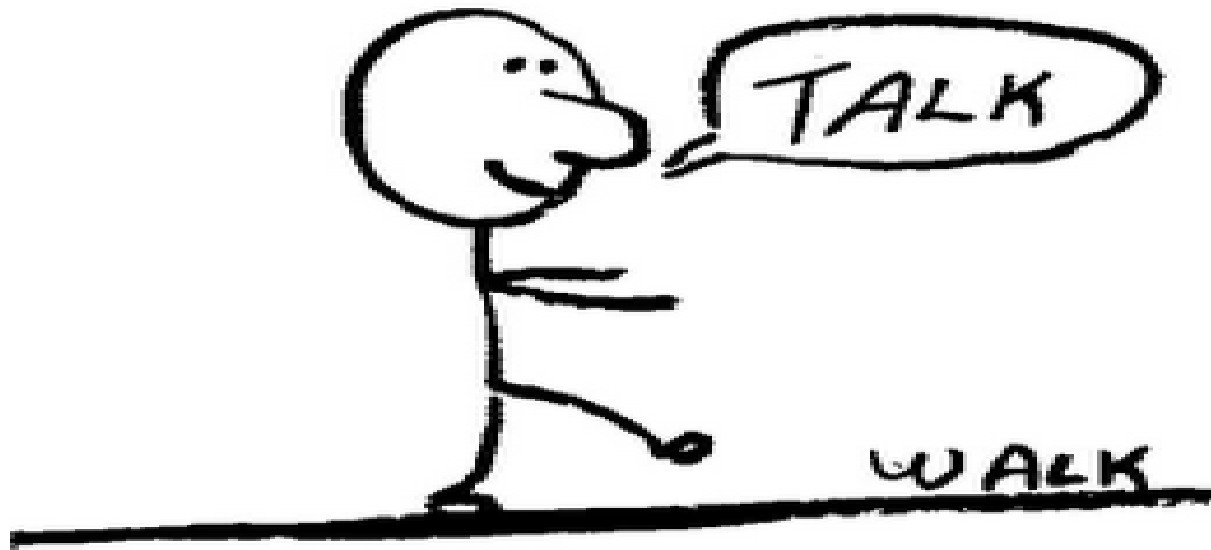
Aligning our Directions



Strategic Impact of Fraud and Corruption

- + Fraud and or corruption is an evolving threat to individual's, company's, corporation's and government's.
- + It's continues change of forms is an ongoing battle for corporation's, authorities and victims.
- + Private sectors or businesses must adjust its compliance based on present/ potential risk.
- + Effective actions: -
 1. Attitude towards compliance
 2. Tools to ensure a smooth process/ run
 3. Willingness to invest time/ resources required to develop or understand risk associated with corruption.
 4. Clear/ concise strategies and compliance program is integral to businesses and corporation.





Anti Fraud/ Corruption Culture

- + Cannot be emphasized enough that for any organization to develop a strong anti-fraud/corruption culture:

Expectations regarding ethical behavior must be;

1. Communicated, understood and driven from top of the organization downward.
2. Written code of conduct or business ethic's guide – that clearly and concisely articulates the company's ethics and values.
3. Senior management must commit and adopt to these standards –Walk the talk
4. Employees must be educated in acceptable and unacceptable behavior in workplace
5. Employee must be given tools to identify fraud and prevent fraud.
6. Most importantly encourage to participate in bringing illegal and unethical behavior to the attention of the appropriate management.
7. Internal Controls
8. Provide a channel for fraudulent behavior or corrupt practice to be reported. `



