

# Compliance Issues in Joint Ventures

**Rob Lindquist**

Former Chief Compliance Officer

Ingram Micro Inc.

**COMPLIANCE WEEK 2014**  
POWERFUL INSIGHTS, PRACTICAL IDEAS, REAL SOLUTIONS

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# Some Basic Risk Areas for JVs

- Corruption
  - Special provisions in FCPA re JVs
- Export Laws
  - Special provisions in EAR re JVs
- Privacy and data security
- Antitrust/Competition Law
  - Special provisions in FAR re teaming

# A Pre-Closure Checklist

- Thorough due diligence
- Compliance reps and warranties
- Right of immediate termination for breach of compliance reps and warranties
- Requirement of JV Code of Conduct
- Financial transparency and audit rights
- Right to pick the CFO

# A Pre-Closure Checklist (cont.)

- Unanimity or supermajority of governing board on hiring of agents and only after due diligence
- Signatures of both JV partners on all check or electronic fund transfers
- GAAP accounting

# Special Case: JVs with Local Partners

- What is the value-add of local partner?
  - Is it just “local access” and, if so, what are the compliance implications?
- The Perfect Storm: JV with local SOE partner

# JVs with Local Partners (cont.)

- The special importance of concrete SOWs
  - The danger of vagueness: e.g.,  
'administrative support'
- The special importance of compensation reflecting the scope of work
- The special importance of documenting and auditing performance of partner's work

# Local Partner JVs and the CCO's Role Post-Closure

The importance of:

- On-site tire-kicking
- Cultivating eyes and ears on the ground
- Relationship-building and diplomacy
- Training