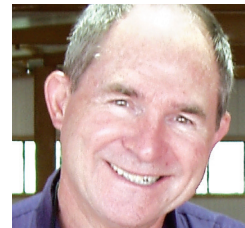


SPECIAL REPORT **GLOBAL CHARLOTTE**

The global language of business



“When I leave, it will be very hard. These people have become my family.”

Staton Williams
General Microcircuits Inc., on his work in Costa Rica

“The Pakistanis were such good friends. In many ways, it was the most exciting placement I ever had.”

Kurt Waldthausen
Waldthausen & Associates Inc., on a five-year posting in Pakistan early in his career



“If you are a global company, you can buy in your own language, but you should sell in your clients’ language.”

Bob Holcombe
Areva Federal Services, on his assignment in South America for Duke Energy Corp.

Execs say an overseas assignment offers important business insights

LAURA WILLIAMS-TRACY
CONTRIBUTING WRITER

Staton Williams arrived in Costa Rica in 2010 to an empty building with no employees, no equipment and not even a phone line.

Three years later, the offshore operation of Mooresville-based General Microcircuits Inc. has expanded to a larger building. It has 82 employees and is hiring every week.

“Everybody thinks I’m sitting on the beach having a drink with an umbrella in it. I wish it were true,” Williams jokes.

His assignment in Costa Rica is the swan song to a long association with General Microcircuits, a maker of circuit board and integrated assemblies for manufacturers in diverse industries. At 65, Williams expects this to be his last work assignment and quite

possibly his most satisfying.

A job posting in a foreign country is an increasingly common opportunity for executives as American business looks abroad to pursue new markets. Employers send workers overseas to provide specific technical skills, for knowledge transfer or to gain management experience.

According to consulting firm Mercer, more than 70% of employers polled expect to increase short-term overseas assignments in 2013 from last year, and 55% expect to increase long-term assignments. That increase follows strong years in 2011 and 2012 for international assignments. China, Brazil, Australia, the U.K. and the U.S. are priority destinations for expatriates.

The survey was part of a report on expatriate policies and procedures designed to help companies develop compensation packages and advancement

opportunities for employees to ensure a successful deployment.

An international assignment is seen as a career path that offers unique opportunities — as well as challenges for employees and their families to assimilate in a new culture.

Williams joined General Microcircuits when the company started in 1980 and served as its engineering manager for nine years. In his early 60s at the time of the Costa Rica assignment, his only ties to the Charlotte region were a house and a dog. He’d left the company for seven years but returned to do contract engineering work. The Costa Rica assignment meant returning to direct employment.

General Microcircuits had been assembling its circuit boards in Asia, but the arrangement wasn’t working well. The company wanted a closer location with

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U.S. on the lookout for suitcases of cash in foreign deals

I imagine anyone reading the *Charlotte Business Journal* has some familiarity with the Foreign Corrupt Practices Act. Among other practices, it prohibits an American executive from delivering a suitcase full of cash to a foreign government minister to secure a government contract.



INDUSTRY EXPERTISE
David Shuford

Of course, this knowledge does not prevent such obviously illegal conduct.

Just last year, the former chairman and chief executive of

KBR Inc. — the construction and engineering behemoth — was sentenced to 30 months in prison for participating in a conspiracy to bribe Nigerian officials. The bribes included suitcases of cash, as well as a car trunkful of cash when a suitcase was not enough.

Despite general awareness of the law, you may be surprised at the range of facts that can give rise to liability in the view of the officials at the Department of Justice and Securities and Exchange Commission who enforce it.

Here’s an overview of some of the government’s interpretations of these concepts, as shown in enforcement actions and official guidance published last year by the agencies:

- At their core, the antibribery provisions of the Foreign Corrupt Practices Act prohibit U.S. individuals and businesses from “corruptly” paying, offering to pay or promising to pay anything of value to a foreign official to obtain or retain business.

It’s illegal to bribe any person knowing the payment will end up in the hands of a foreign official. (Some foreign businesses that issue securities in the U.S. or file reports with the SEC also are covered, as is any individual or firm involved with a corrupt payment in the U.S. The law also includes accounting provisions applicable to some companies.)

- The term “corruptly” probably has

the most straightforward interpretation — it means the payment is intended to induce the recipient to misuse his official position.

Importantly, the DOJ and SEC say it’s not necessary for the intent to be fulfilled or the recipient of the corrupt payment to be known to the payer. It’s enough, for example, to authorize others to bribe “whoever you need to” even if a bribe is never offered or paid.

- Items of value include cash, luxury gifts and extravagant travel and entertainment. But things of lesser value, such as the payment of cellphone bills, can be enough if they’re part of a bribery scheme. Indeed, the government

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CBJ SOUND OFF

Top execs on key issues in the news

Carl Mahler II

Executive director, Office of Technology Transfer, UNC Charlotte

What concerns do researchers and executives have about foreign hackers?

The real concerns are the disclosure of protected information we may develop or receive from other parties for our research, information subject to export-control restrictions, and sensitive information about products, customers and confidential business plans.

Are those concerns grounded in reality?

There have been situations where we know we have been probed by computers in foreign countries seeking to penetrate our systems.



What computer systems are most vulnerable?

Probably those at small to medium-sized companies that cannot afford specialized equipment and training. Given the number of small companies that do work for the government or support critical infrastructure, the damage that could be done by foreign hackers is significant.

Question:

Do foreign hackers present a serious threat to the information systems of local businesses?

David Jones

President and chief executive, Peak 10 Inc.

What concerns do your clients voice about foreign cyberthreats?

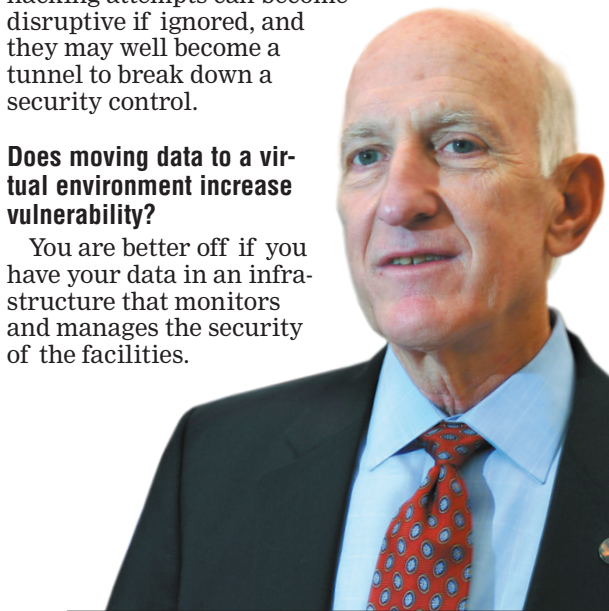
We do not hear a significant level of concern from our clients regarding cyberthreats, domestically or nationally. In most cases, because many of our clients have certain regulatory compliance requirements, their key concerns center on privacy and security breaches.

How legitimate are such concerns?

If you take a look at what comes into spam and content filtering, you readily see how many ways security-breach attempts proliferate. Those benign hacking attempts can become disruptive if ignored, and they may well become a tunnel to break down a security control.

Does moving data to a virtual environment increase vulnerability?

You are better off if you have your data in an infrastructure that monitors and manages the security of the facilities.



Kelly Bissell

Principal in the security and privacy group, Deloitte

How worried are businesses about foreign hackers?

Global banks are extremely worried. Manufacturers that produce high-tech products — automotive, aerospace, defense, pharma — are extremely worried. It doesn't seem less-high-tech and middle-market companies are as concerned.

Is the threat real?

We've seen foreign and domestic bad guys inside small, medium and large companies. It's easier to be a foreign bad guy because it's hard for the FBI to go to China, Russia, North Korea or Panama.

Is the threat greater from countries or individuals?

Only a few nation-states are active as hackers, but they're pretty powerful. Nation-states and "hactivist" groups are good about getting in.

How can companies assess how attractive their data is to foreign hackers?

That's what we try to help clients do — create more stringent controls.



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BRIBE: Fines motivate government to actively investigate violations of law

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has prosecuted cases where the thing of value was a donation to a foreign official's favored charity.

•Foreign officials include government ministers, legislators and judges. It is less obvious that the term embraces, according to the DOJ and SEC, low-level government functionaries such as customs or building inspectors, employees of state-owned or -controlled enterprises (utilities, oil companies, banks and sovereign-wealth funds), doctors employed in national health systems, and employees of international organizations such as the World Bank and United Nations.

•No one would doubt the illegality of a bribe to secure a multibillion-dollar government contract. The DOJ, SEC and courts have taken a more expansive view of the concept of the intent. It includes any payments intended to assist the payer to win, for example, lower tax or customs rates (allowing higher profits) or exceptions from regulatory requirements. Payments to customs officials to improperly expedite imports can meet this standard.

•The term "knowing" makes the actions of third parties — sales representatives or local fixers — of critical concern. A payment to a third party violates the law if the payer knows it will be passed to a foreign official. According to the DOJ and SEC, the payor "knows" if he is willfully blind to red flags relating to the payment or the third party, such as paying an unusually large commission to the third

party, paying for ill-defined consulting services or paying a third party who is a relative or close associate of a government official.

So why should you care?

Penalties include fines that can total hundreds of millions of dollars and long prison sentences, and there are reputational risks. Enforcement of the Foreign Corrupt Practices Act is a high priority for the U.S. government, in part because of the law's laudable underlying rationale but also because it brings in substantial revenue to the Treasury — nearly \$4 billion since 2002.

Cases are rarely resolved in court because most targets choose to negotiate a settlement. That means the law's true limits are unknown, and the government's expansive interpretations set the tone of negotiations.

U.S. companies, particularly those that are new to international commerce or are involved in industries such as health care and financial services that are subject to close government scrutiny, may face greater compliance burdens and risks than they realize.

The risks include the possibility of assuming liability by failing to identify and remedy bribery in the course of an acquisition.

Ultimately, drawing lines between permissible and illegal conduct under the law presents a challenge, and no business involved in cross-border activity should risk ignoring it.

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