

\$7 Million Civil Penalty for Misleading Enforcement Staff FERC Demands Comprehensive Compliance Program

Just in case you are not already aware of this.....\$7 Million Civil Penalty for Edison Mission for Misleading Enforcement Staff

Issue

FERC recently announced a \$7 million settlement with Edison Mission. The settlement states that company employees misled FERC Office of Enforcement staff conducting an investigation into the company's bidding in the PJM market. In addition to the settlement, the company is also required to put in place a **comprehensive compliance program**, at an estimated cost of \$2 million.

Why You Should Pay Attention

The facts and circumstances of this case are somewhat unique. FERC did not find in the settlement that the company's bidding constituted a violation of the market manipulation rules--the settlement is based solely on actions that occurred after FERC commenced a non-public investigation. **This case highlights the importance of a compliance program that applies not just to preventing breaches of regulations, but also to how the company responds to inquiries.**

What You Can Do To Prevent This From Happening To You

1. Take a fresh look at your procedures for responding to regulatory inquiries;
2. Align appropriate management oversight and "auditee" training to ensure employees are not placing the company at further risk in their responses, especially in cases where they have a personal stake in the outcome; and
3. Integrate independent oversight of responses to inquiries (from the general counsel, compliance function, internal audit, or a similar function) as a good practice.

In this case, proper analysis of the data being provided to FERC may have alerted senior management to the inappropriate responses provided by management. ***This case also highlights FERC's stated intention to apply higher penalties where companies do not cooperate fully with investigations. And, most importantly, do not have comprehensive compliance programs in place.***



FERC has also set its sights on the enforcement of the new Critical Infrastructure Protection (CIP) standards relating to cyber security.

Compliant Solutions can help!

- 1. Before an inquiry by assisting with CIP Compliance Program process design,***
- 2. During an inquiry by providing auditee training, preparation, and subject matter expertise and legal counsel representation, and***
- 3. After a notice has been received by providing independent analysis of data or forensic services.***

DON'T WAIT! Contact Compliant Solutions today to learn more about how we can assist you. Visit us at criticalcyberassets.com or contact Sherri Palmer directly at 248.981.5248.

