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Prioritize sanctions risk in your compliance program

By Ibrahim Yeku, LLB, BL, LLM, CCEP-I, CAMS, FGAFM, DDC

Ibrahim Yeku (yekuduke@yahoo.com) is a Legal Counsel on secondment to Total E & P Nigeria Limited based in Port Harcourt, Nigeria.

It is often said that the fear of a thing is the start of caution. In relation to sanctions risk, it can be stated that the fear of sanctions is often the start of compliance. The ethical views on compliance program implementation, however, may not agree with the idea of building compliance programs around sanctions or the fear of sanctions, because it is believed that imbibing the overall culture of compliance in an organization is a better driver of compliance. Whether a compliance program is built around sanctions or not, it is important that the program serves as motivation for compliance conduct.

And certainly, compliance metrics should be designed as much as possible to recognize that sanctions are a high-risk area that should be mitigated or avoided entirely, depending on the risk appetite of an organization. Compliance programs should not be centered around sanctions prevention but rather around how to engender an ethical culture and values that encourage compliant behavior, but one must prioritize sanctions risk. Any organization's compliance program that underplays sanctions risk will be exposed to hostility from regulatory bodies or law enforcement agencies of the countries where regulations or laws have been violated. The focus of this article is to highlight some of the knotty issues associated with sanctions risk and mitigation.

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