

BRANDED CONTENT

What is the Government Doing to Combat Fraud in 2022?

By **PETER BROWN**

The U.S. Department of Justice (DOJ) recently released "Fraud Section Year in Review 2021." This annual report showcases not only what the DOJ accomplished in 2021 but also provides insights on its priorities for 2022. Additionally, recent comments from the President and senior officials leave little doubt about what to expect in 2022.

INDIVIDUAL ACCOUNTABILITY

The DOJ continues to focus its enforcement efforts on individuals, which resulted in an increase in guilty pleas and individual convictions in 2021. In 2020, the DOJ secured convictions against 213 individuals. In 2021, this number jumped to 329 convictions, a 54 percent increase. It is reasonable to expect more of the same in 2022.

In a recent speech, Attorney General Merrick Garland reiterated that the DOJ continues to be razor-focused on individual accountability, stating that: "I have made it clear that the Department's first priority in corporate criminal cases is to prosecute the individuals who commit and profit from corporate malfeasance. It is our first priority because corporations only act through individuals."

LOOKING TO THE COOPERATION CREDIT

The DOJ is also making a policy change on how companies receive cooperation credit. Previously, companies had some discretion and could limit disclosures regarding misconduct to those whom the company deemed were "substantially involved."

To receive full cooperation credit going forward, companies must provide all non-privileged information about individuals involved in or responsible for the misconduct at issue.

HOW PREVIOUS MISCONDUCT IS FACTORED IN

An additional policy shift relates to how previous misconduct is weighed in reaching a resolution. Previously, prior compliance with the laws and regulations involving the matter being investigated was a primary factor in weighing misconduct.

Going forward, the DOJ will consider "the full criminal, civil and regulatory record of any company that is the subject or target of a criminal investigation."

INCREASED USE OF INDEPENDENT MONITORS

Another expected change is the increased use of independent corporate monitors as a part of settlements. Deputy Attorney General Lisa Monaco's recent public comments have made it clear that the use of independent monitors will increase. Going forward, DOJ prosecutors will be "free to require the imposition of independent monitors whenever it is appropriate to do so in order to satisfy our prosecutors that a company is living up to its compliance and disclosure obligations." Expect to see full employment of independent monitors in 2022.



PETER BROWN
FORENSIC SERVICES PRACTICE LEADER, GHJ
(310) 873-1645
PBROWN@GHJADVISORS.COM
GHJADVISORS.COM

A FOCUS ON PANDEMIC-RELATED FRAUD

President Biden announced another key 2022 priority during his State of the Union address. The DOJ will soon be naming a Chief Prosecutor to lead specialized teams to combatting pandemic fraud. This will build on the existing work of the COVID-19 Fraud Enforcement Task Force that Attorney General Garland established in May 2021. This new Chief Prosecutor will undoubtedly be targeting what the U.S. Secret Service estimates is close to \$100 billion in pandemic-related fraud.

WHAT SHOULD COMPANIES DO?

1. Evaluate current compliance structure. Companies that received PPP loans or pandemic relief funds should ensure proper policies and procedures have been implemented and document all compliance.

2. Perform a risk assessment. Solicit feedback from employees at all levels on potential risks. A good risk assessment is the foundation of an effective compliance program.

3. Focus on internal controls. A strong compliance structure capable of preventing and detecting misconduct will minimize risk and help with the DOJ.

4. Invest in technology and data analytics. The DOJ expects companies to adequately fund their IT infrastructure and use the latest tools and data analytics for monitoring and testing their compliance programs.

5. Hire experienced outside advisors. Impartial expertise from an outside party can help make sure a company is compliant.

Peter Brown, CPA, CFF, ABV, leads GHJ's Forensic Services Practice and has extensive experience conducting internal investigations that involve governmental inquiries and alleged non-compliance with laws and regulations.



LOS ANGELES BUSINESS JOURNAL

MARCH 21 - 27, 2022 VOLUME 44, NUMBER 12



Scrubs optimism



Gateway Cities railway

APPAREL

1 FABRIC Textile industry concerned over regulations on how to deal with scrap.

AVIATION

1 STARTUP Avelo Airlines flies from Burbank to regional airports as its business model.

INFRASTRUCTURE

12 COLUMN Two phases for Metro's Artesia light rail line to downtown.

LAW

4 DIGITAL LegalZoom.com Inc. grew its revenue 22 percent last year.

MANUFACTURING

3 TRANSPORTATION BYD Motors is making 200 electric trucks for Einride, a Swedish freight technology company.

10 COLUMN International sales in future for scrubs maker Figs Inc.

REAL ESTATE

1 CONSTRUCTION Big industrial developer plans to slow down.

3 ACQUISITION Rexford Industrial Realty Inc. buys eight properties for \$205 million.

4 PURCHASE Pomona warehouse trades for \$44 million.

4 DEVELOPMENT Long Beach property with 14.2 acres ready for development.

6 DATA Multifamily properties in downtown see increasing rents, shrinking concessions.

13 COLUMN Metro plans light rail line from Artesia to downtown L.A.

RETAIL

1 EATERIES Concord Collective Partners operates concession restaurants at LAX.

SPECIAL REPORT: WHO'S WHO IN TECH

14 INTRO NFTs are suddenly hot commodities.

16 TOKENS L.A. is becoming a hub for the trendy digital collectibles market.

18 WEB3 Companies and investors get ready for a new era of the internet.

TRADE

3 CONTAINERS L.A., Long Beach ports see record "surge of imports."

THE LIST

22 Law firms ranked by number of attorneys in L.A. County.

REGULAR FEATURES

21 STOCKWATCH How Los Angeles-area companies performed on the stock market.

82 MEDIA WATCH

84 POLL

CUSTOM CONTENT

20 PEOPLE ON THE MOVE

41 DIVERSITY, EQUITY & INCLUSION SYMPOSIUM & AWARDS 2022

42 Panel recaps

46 Individual nominees

50 Organization nominees

56 Using Incentives to Capture Greater DEI Gains

58 Leadership Insights on Equity in Infrastructure Design

60 Developing the Next Generation of Logistics Talent in Los Angeles

62 Most Supply Chain Organizations Have DEI Initiatives

63 A Look at the Nation's Shifting Racial and Ethnic Diversity

64 CEO Action for Racial Equity Expands Issue Agenda

65 WOMEN OF INFLUENCE: HEALTH CARE

66 Profiles

80 Providing a Bridge to Life ... and Fulfilling Career Opportunities

81 BUSINESS MARKETPLACE

Los Angeles Business Journal (ISSN: 0194-2603) ©2022 by the Los Angeles Business Journal is published weekly with a special issue in May (\$2 plus 1) by Los Angeles Business Journal, 11150 Santa Monica Blvd., Suite 350, Los Angeles, CA 90025. Business and Editorial Offices: 11150 Santa Monica Blvd., Suite 350, Los Angeles, CA 90025. Accounting and Circulation Offices: Los Angeles Business Journal, 11150 Santa Monica Blvd., Suite 350, Los Angeles, CA 90025. Call (855) 293-9394 to subscribe or for customer service. All other inquiries (323) 549-5225. Periodicals postage is paid at Los Angeles, CA 90025 and additional mailing offices. Subscription prices: 52 issues, \$129.95. Single copies, \$5.00. Mailed copies, \$7.00. Back issues, \$10.00. This newspaper is designed to inform decision-making executives, investors, and managers on trends, growth, and ideas important to commerce and industry in Los Angeles County. Information in Los Angeles Business Journal is gathered from sources considered to be reliable, but the accuracy of this information cannot be guaranteed. Neither that information nor any opinion which may be expressed here constitutes a solicitation for the purchase or sale of any securities. Opinions expressed in letters to the editor and commentaries are those of the authors and not necessarily those of Los Angeles Business Journal. Member Alliance of Audited Media. LBJ has been adjudicated Nov. 1985 to be a newspaper of general circulation. POSTMASTER: Send address changes to Los Angeles Business Journal, 11150 Santa Monica Blvd., Suite 350, Los Angeles, CA 90025.