



H.S. Grace & Company, Inc.

4615 Southwest Freeway, Ste. 625
Houston, Texas 77027

713.572.6800

100 Park Avenue, Ste. 1600

New York, NY 10017

212.644.8620

The Pervasive Effects of Corporate Governance

Corporate Governance affects more than Board level decisions. Governance, especially the decision-making processes and the assignment of responsibilities can and does materially affect the organization's risk profile, and in turn, its susceptibility to significant litigation that extends beyond the realm of securities related litigation.

[H. S. Grace and Company, Inc.](#) ("HSG") role in examining these responsibilities extends to the "how and who" that directly affect the quality of the decision-making. More often than not, HSG's analysis may reveal relevant and probative indicia affecting the duties of care and loyalty, as well as the observance of ordinary and customary business practices in the execution and implementation of management's duties and responsibilities.

The following are governance issues HSG's Advisors have been asked to examine:

- Failure to implement proper accounting practices and control systems and to monitor financial reporting, including the failure of management to adequately respond to significant accounting and control issues surfaced by Internal Audit.
- Active and passive failure to take steps to ensure unrestricted flow of communications between senior management, the Audit Committee, Internal Audit and others.
- Failure to address reporting deficiencies, and the associated significant issues involving write-offs, unreconciled general ledger accounts, liquidity, loan-loss reserves, et cetera.

The types of alleged failures or lapses in governance are limited only to the actor's imagination and the quality, efficacy and monitoring of an organization's "checks and balances." Assisting trial counsel with the development of the context within which complex commercial and securities litigation arise is a predominate strength of HSG's advisors due to their vast corporate senior management experience. Understanding and creating the "story" with trial counsel, especially the "why," is critical to building a plausible yet powerful story that jurors, the Court, or a neutral observer may adopt to frame their opinions.

Richard W. Simmons, Chief Trial Counsel and Deputy General Counsel, Bank of America, 1989-1999, had the following to say about his experience working with HSG:

"There is no substitute for experience; that is why Bank of America, formerly NationsBank, chose experience that produced outstanding results. Only an experienced advisor is capable of "recognizing" an issue and understanding how and why that issue may subtly set off a chain reaction of events leading to a serious corporate problem. This is the role that HSG's advisors played in their corporate life as Senior Executives. Wisdom is revered because such permits one to communicate the complex issues by way of mundane life experiences. For Bank of America, HSG's assistance to trial counsel was unmatched, and so were the results."

If you would like to know more...

If you would like to know more about cases or the kinds of business-based analysis of claims and damages that can be obtained from [H.S. Grace & Company](#), you are invited to contact members of our group, [Al Fenichel](#), [Charles Fischer](#), [Steve Grace](#), and [H. Stephen Grace, Jr.](#) at (713) 572-6800. Follow [H. S. Grace & Company, Inc.](#) on LinkedIn

[H. S. Grace & Company, Inc.](#) (HSG) is a litigation support and consulting firm established in 1993 that works with in-house counsel, outside counsel, insurance carriers and corporate attorneys, as well as company boards and senior management. HSG specializes in assisting clients both before and during [litigation](#) in analyzing and assessing the validity of claims involving representations and warranties, directors and officers responsibilities, financial reporting, business judgment, merger and acquisition disputes and other complex issues. The firm provides [expert testimony](#) from our detailed analyses of the business decisions and actions, issues reports of how the actions of all parties involved affect causation and evaluation of damages and provides guidance to support settlement strategies and negotiations. HSG has approximately [30 consultants](#), including experienced testifying experts, who have had significant experience as senior executives (e.g., CEOs, COOs, CFOs, SVPs, Treasurers, technical professionals and board members), many of whom hold advanced degrees and professional certifications. Our experienced team members look deeply into claims and allegations to determine not only what happened, but how and why, to speak authoritatively about appropriate business practices, and to assist clients in achieving favorable outcomes. HSG has represented banks and other financial institutions, real estate partnerships, energy companies, pharmaceutical firms, healthcare companies, insurance carriers, retailers, technology companies and others in a broad array of [complex commercial litigation](#).

H.S. Grace & Company, Inc.