

REDMOND, WILLIAMS & ASSOCIATES

website: www.redmondwilliamsassoc.com

e-mail: rwa2002@msn.com

February 23, 2004

United State Sentencing Commission
One Columbus Circle, N.E.
Suite 2-500
Washington, DC 20002-8002
Attention: Public Affairs

Dear Mr. Courlander:

We appreciate the opportunity to respond to the Ad Hoc Advisory Group's recommended modifications to the United States Sentencing Guidelines.

Our comments are in regard to §8B2.1(b)(5)(c). We support the addition of "promotion of an organizational culture" and "anonymous reporting" and the change from "retribution" to "retaliation." We also support the addition of "seek guidance regarding potential or actual violation of law." However, we strongly recommend that "confidential" be added. We propose that the guideline read: "seek **confidential** guidance."

Redmond, Williams & Associates is a firm that helps organizations set up systems to ensure that issues are surfaced and handled appropriately. We base our recommendation on multiple research studies that have recently been published, the many interviews we have conducted over the last year with institutional leaders, and our experience in establishing, enhancing and expanding issue management systems.

Perhaps the most germane study is the 2003 Ethics Resource Center survey which is referenced in the report. It demonstrated that 35% of the employees who actually observe misconduct do not report it. Their reasons are that they believe no corrective action would be taken, they fear that their report would not be kept *confidential*, they fear retaliation, they do not know to whom they should speak.

[2-204]

Our interviews have shown that leaders who are actively strengthening their governance processes understand the value of providing constituents a confidential, informal channel in addition to formal channels that promise anonymity within limits. On the other hand, executives who do not understand the value of a channel where employees can feel very safe—a confidential, informal, off-the-record, independent channel—are maintaining status quo in how they manage governance and risk.

Our experience in setting up, expanding and enhancing issue management systems has shown that organizations that offer informal, confidential guidance for their constituents, and also have effective formal reporting channels, benefit by:

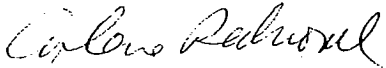
- The surfacing of potential malfeasance that might not have otherwise been brought forward
- Having issues brought to the most appropriate resolution resource in a timely manner.

Constituents in an organization will seek guidance that is confidential if they do not know where to take potential malfeasance, need coaching and guidance about how to take it forward, want to explore the full scope of the concern and potential resolutions options before coming forward, or want to remain anonymous. Confidentiality is critical to providing constituents with a safe haven where they can discuss their concerns and consider the potential resources for resolution.

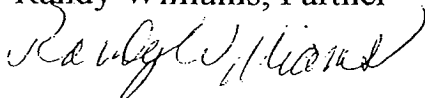
We appreciate your consideration of our recommendation.

Respectfully,

Arlene Redmond, Partner



Randy Williams, Partner



[2 - 205]