



## UNITED STATES FOREIGN CORRUPT PRACTICES ACT LETTER OF COMMITMENT

Control Flow, Inc. expects all of its employees and independent representatives to comply with the letter and spirit of all applicable laws that govern the Company's business – both U.S. and the law of the country where we are doing business.

It is important to note that this obligation goes beyond any contracts binding on the company and requires that all those doing business in the name of Control Flow, Inc. comply with the highest standards of honesty and ethical conduct.

Our Company is committed to treat all employees, customers, supplies and the communities where we do business with fairness, honesty and respect; and we are committed to maintain our Company's worldwide reputation for integrity.

## **FOREIGN CORRUPT PRACTICES ACT (FCPA)**

### **WHAT IS IT?**

The FCPA is a law of the United States of America that pertains to all U.S. companies and all their foreign subsidiaries and affiliates. It applies to all business conducted outside the United States and places responsibility on the company and the individual.

### **WHAT DOES IT DO**

**The law prohibits any officer, director, employee, agent, shareholder connected with the company from making any payment or offering payment, promise to pay, authorization to pay, gift, promise to give or authorization to give to either:**

1. a foreign government official, foreign political party, or candidate for foreign political office
2. any other person that is an employee of another company, an agent or a family member for the purpose of influencing a foreign official in their official capacity or inducing him to use influence to obtain or retain business for Control Flow, Inc. or any person.

### **WHAT SHOULD I DO TO BE SURE WE ARE IN COMPLIANCE WITH FCPA?**

- **Know The Law**

Both employees and independent sales consultants should become familiar with the requirements and prohibitions of the Foreign Corrupt Practices Act.

- **Know Your Business**

Ask questions about our business dealings and be sure you know what is being done with any payments made in foreign countries.

- **Know Your Independent Sales Consultants.**

Personally interview prospective sales consultants. Review their business practices and check their references and reputations. Be sure to check U.S. Government sources. Be alert to any warning signs or suspicious behavior and follow through on unanswered questions.

- **Know Your Customers.**

Make sure you have a clear understanding of what the customer expects from the Company.

- **Always completely follow the procedure for establishing sales Consultants:**

1. Explain the FCPA requirements and Control Flow, Inc.'s commitment to upholding the letter and spirit of the law to sales consultants and customers.
2. Review the FCPA requirements annually.

## **MODEL THE HIGH STANDARDS OF BUSINESS PRACTICES TO WHICH CONTROL FLOW, INC. IS COMMITTED.**

### **What should I do if I know or suspect a violation?**

Immediately report all facts and circumstances to Control Flow, Inc.'s **Corporate Director for Business Development:**

**Jim Adams**

Control Flow, Inc.  
9201 Fairbanks N. Houston Rd.  
Houston, Texas 77064  
Phone: 281-890-8300  
Fax: 281-890-3947

## **What would a violation mean to the Company and to you?**

- The loss of credibility in the business community and Control Flow, Inc.'s reputation for honesty and fairness in its business dealings.
- Control Flow, Inc. is subject to a fine of \$2,000,000 and a potential suspension or debarment from government contracts.
- Individuals are subject to a fine of \$100,000 and a jail sentence of up to 5 Years in prison.
- Employee and agents are subject to immediate termination.
- Legal fees to defend an FCPA case could run into millions of dollars.

## **How can I be responsible for a violation of the FCPA if I don't know that a prohibited payment is being made?**

The Foreign Corrupt Practices Act makes Control Flow, Inc. and the individual criminally liable for the actions of independent sales consultants, if Control Flow, Inc. knows that the sales consultant is engaged in conduct that is prohibited. An individual (employee and sales consultant) is deemed to know about prohibited conduct if he actually knows that such conduct has occurred or has a firm belief that such conduct is substantially certain to occur. "Don't ask, Don't tell" does not apply to FCPA.

## **Are there any "Red Flags" or warning signs I should be alert to?**

Yes, any suspicious conduct. It isn't possible to list all things that could fall into this category. Some common examples would include the following:

- Recognition that certain countries have a reputation for practices that could be in violation of the FCPA.
- Refusal to discuss the types and amounts of expenses that a sales consultant feels responsible for payment.
- Requests for payment to a bank account in a jurisdiction known for banking secrecy.
- Requests for changes to a commission amount without a reasonable explanation.
- Requests for increases in quoted prices.
- Use of undisclosed subagents.
- Refusal to sign a standard agreement.
- Relationship of a sales consultant with the government or with a government official.
- Commissions which are unusual in the jurisdiction.

**Where can I find more information about the Foreign Corrupt Practices Act?**

Up-to-date information along with the exact wording of the Foreign Corrupt Practices Act can be found on the internet of the United States Department of Justice homepage at: <http://www.udoj.gov/criminal/fraud/fcpa.html>.