

An Insider's Financial View of the Houston Livestock & Rodeo

SEPT. 20TH MEETING:

Skip Wagner, CEO of the Houston Livestock Show & Rodeo



Skip Wagner

Skip Wagner, President and CEO of the Houston Livestock Show & Rodeo, will give us an Insider's view of the world's largest indoor Rodeo. Skip will be speaking on the financial aspects of this \$100M sporting and entertainment event including building and managing the cash flow and balance sheet for this renowned event. He will also address the major areas of revenue and expense as well as the greatest points of leverage for the Show.

Identifying and negotiating for exciting concert performers is one of the most important activities and Skip will let us in on his secrets for signing the best and the brightest stars! He will also discuss the rodeo as a significant sporting activity.

The HLSR has a significant impact on the Greater Houston area not only from an economic perspective but also from the 24,000 person volunteer force he manages that works year round to prepare and execute this annual event. The HLSR also is a major force with local charitable organizations from all

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Solving M&A Issues Using LLCs & the Check-The-Box Regulations

SEPT. 20TH PROFESSIONAL DEVELOPMENT SESSION:

Steven A. Kuntz & Robert W. Phillipott, Partners, Fulbright & Jaworski LLP



Steve A. Kuntz



Robert W. Phillipott

This session will provide an overview of innovative techniques using flexible corporate statutes and the check-the-box regulations to solve deal point issues while preserving the intended tax consequences and to solve tax issues while not affecting the "business deal."

Steven A. Kuntz's practice includes all areas of business taxation, with particular emphasis on the tax aspects of transactions involving corporations, partnerships and limited liability companies. He advises clients on the tax consequences of mergers and acquisitions, tax-free reorganizations, spin-offs and divestitures, restructurings, and private equity, as well as the formation and operation of corporations, partnerships and limited liability companies. Steve also advises on a wide array of state and local tax matters, including property tax incentives and exemptions.

Robert Phillipott's practice focuses on advising clients on all areas of business taxation, with particular emphasis on the federal and state tax planning and structuring of mergers and acquisitions, tax-free reorganizations, spin-offs and divestitures, joint ventures, restructurings, and equity and debt offerings, as well as the formation and operation of corporations, partnerships and limited liability companies and certain tax controversy matters.

Monthly Meeting & Professional Development Tuesday, Sept. 20, 2011

LOCATION:

Houston Country Club

1 Potomac Drive
Houston, TX 77057

» [map to location](#)

AGENDA:

Professional Development Session (4:30pm)

Social hour (5:30pm)

Dinner (6:30pm)

MEETING SPONSORS:



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FEI Houston Chapter

P.O. Box 631206 Houston, TX 77263-1206

Tel: 713.223.0334 / Fax: 713.776.1308

info@feihouston.org

Chapter Administrator: Terry K. Newton

A letter from the president



Summer is over and it is time to kick-off a new FEI Houston Chapter year. The officers, directors, and members of our chapter committees have held numerous meetings and con-calls during the summer to prepare for another great year. They have been scheduling speakers, renewing sponsors, developing membership programs, identifying strategies to increase our diversity, preparing the budget, preparing the annual membership directory, etc. I really appreciate their dedication and commitment.

I would like to share the Chapter's key goals with you for the coming year, since we really need your support and commitment to achieve them.

FEI Houston Goals for 2011-2012

- **Balance the budget and increase capital**
- **Grow our membership by at least 10%**
- **Increase the diversity awareness of our Chapter**
- **Promote the value of FEI National within our chapter for their research, education, and advocacy programs.**
- **Broaden the visibility of FEI Houston within the Greater Houston business and financial community.**

None of our success could happen without the hard work of our volunteer officers, directors, and committee members. While we are all busy with our day jobs, this group has demonstrated strong leadership qualities and a high level of energy and belief in the value of FEI and our chapter. Each of you, our members, brings extensive executive experience and management acumen to our Chapter. I encourage you to identify a Chapter activity that is of interest to you, contact the committee leaders, and volunteer your help!

Tuesday, September 20th is our first meeting of the season at the Houston Country Club. **Skip Wagner**, President and CEO of the Houston Livestock Show and Rodeo is the dinner speaker. This is a great Houston institution. Many of us already participate in their committees and we all look forward to the annual opening. Skip will give us an insider's view of the financial aspects of the rodeo as well as some of the more interesting details of the overall operations.

The Platinum sponsor for the September meeting is a long-time and highly respected partner, **Fulbright & Jaworski**. Stephen Kuntz and Robert Phillipott, both partners in the Houston office of the law firm, will conduct the Professional Development session on the critical aspects of tax considerations in an M&A. The Gold sponsor for the social hour of the meeting is **KForce, Inc.**, also a continuing Chapter partner. Please take the opportunity to express your appreciation to these firms for their continued support.

I am very excited to serve the Chapter as President and work alongside a great group of people. Should you have any suggestions for improving our Chapter, I would appreciate hearing from you.

Best regards.

Chuck Fischer

FEI Houston Officers and Committee Chairs

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Chuck Fischer, Hewlett-Packard Co.

President-Elect

Eric Khan, BIS Tepsco, Inc.

V.P. – Programs

Phil Denning, Shell

Joe Abell, TETRA Technologies

V.P. Membership

Elizabeth Wilkinson

Tony Van Slyke, Goodwill Industries of Houston

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Kevin Hanratty, Darbridge LLC

Joe Saporito, Wynden Group LLC

Whistleblower Bounty

The biggest management challenge in financial reform?

By Peggy A. Heeg



Peggy A. Heeg

If asked to identify the most significant provisions in the Dodd-Frank Wall Street Reform Consumer Protection Act, few executives would identify the Act's whistleblower provisions. Yet the whistleblower provisions - by creating incentives for employees to circumvent internal reporting mechanisms and raise issues directly with the government - may prove to be the most challenging management provisions in the Act.

By creating a mechanism for employees with knowledge of potential securities or commodity law violations to become multimillionaires, the Act incentivizes employees to report suspected violations directly to the Securities Exchange Commission and the Commodity Futures Trading Commission. To counteract these incentives, corporations should critically analyze the effectiveness of their compliance programs, be prepared to quickly conduct internal investigations to meet certain deadlines established by the rules implementing the Act, and be prepared to quickly report potential violations of the law to the SEC and CFTC.

Increased Management Challenges

The Act provides that if a whistleblower provides "original information" to the SEC or CFTC of a securities or commodity law violation, which results in a settlement or fine in excess of \$1 Million, the agencies are obligated to pay the whistleblower a bounty of 10-30% of the value of the recovery. With recent SEC and CFTC settlements in the hundreds of millions of dollars, the incentives are obvious. A relatively modest \$50 Million settlement will result in a whistleblower bounty ranging from a minimum of \$5 Million to \$15 Million. As if to illustrate the economics, the DOJ's award of a \$96 Million False Claims Act whistleblower award in October to a former employee of a pharmaceutical company caught the eye of attorneys watching the new Dodd-Frank millionaire program.

Faced with the prospect of whistleblowers becoming multi-millionaires, it should be no surprise that plaintiff law firms are circling the wagons to get their share of the new bounty program. A one-minute internet search of "whistleblower law firms," provides insight as to what corporations may be facing. The ink was barely dry on the Act when a whistleblower law firm announced that it had filed the first Dodd-Frank whistleblower claim within 48 hours of the passage of the Act. From whistleblower advertisements during the showing of the movie "Wall Street: Money Never Sleeps" to whistleblower seminars, the plaintiff law firms are organizing to take advantage of this new revenue stream.

With the Act providing a mechanism for whistleblowers to remain anonymous by proceeding through an attorney, the management challenges are significant. Employees have an incentive to remain employed with the corporation and attempt to better the record to increase the penalty and their reward. The management challenges will be most significant, however, during periods of corporate uncertainty. Managing employees with performance issues and managing potential lay-offs will be exacerbated by the anti-retaliation provisions of the Act. These provisions will create a significant incentive for employees to report potential issues to the agencies in an attempt to protect their jobs.

How To Prepare

So what should corporations do? The first step is to admit that the Dodd-Frank whistleblower provisions have fundamentally changed the corporate compliance landscape. With the SEC estimating that the new provisions will result in 30,000 new tips a year to the SEC, there is little doubt that a multi-faceted response is needed.

Of course, the first line of defense is to establish a culture of compliance where potential violations do

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FEI Houston Chapter Directors

Frances Powell Hawes, Hawes Interests
Bruce Misamore, Yukos Oil Company
Kevin Dartez
Jeff Curtiss, KBR
Chris Brewster, Cardtronics, Inc.
Michael J. Vitek
M. Colleen Estes, Sirius Solutions LLLP
Chris Matlock
James R. Storfer, Noble Energy, Inc.

Debbie Clark, FEI Area Vice President
Tony O'Dell, FEI SW Area Leader

Career Services Update - September 2011

Although FEI has not met since May, Career Services has been working diligently over the summer to connect with more placement firms and assist members in transition. As a result, 3 FEI members have found jobs during this time period, and many are currently interviewing as a result of the work of the Career Services Committee. If any member would like the help of the Career Services Committee, or if anyone wants to pass on information about an existing search, please notify:

Kevin Hanratty - 713.520.6066
kevin@darbridge.com

Joe Saparito - 832.659.0729
jsaparito@wyndengroup.com

Upcoming Conferences:

Sept 26 Washington Policy Conference 2011

May 20 2012 FEI National Conference
May 20-21, 2012 Disney's
Contemporary Resort, Orlando, FL
Most FEI conferences and workshops
qualify for CPE credit.
To register for any FEI conference, call
FEI's Membership Hotline at
(877) 359-1070
or visit their website at
www.financialexecutives.org.

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of its numerous donations particularly for the student scholarships. Skip will also provide an update on the current plans for the future development at Reliant Park, including a perspective on the Astro-dome and the surrounding facilities.

Skip Wagner tarted his Houston Livestock Show and Rodeo™ career in 1992, serving as assistant general manager, primarily focused on the grounds entertainment, operations and fund-raising aspects of the event. Wagner continued in this capacity with the Show until 2000 when he became president and general manager of the Oklahoma State Fair in Oklahoma City.

In 2004, Wagner returned to HLSR and in 2005 became president and CEO. He works with over 24,000 volunteers and a great staff to ensure that the Show remains the premier entertainment and civic event in the Southwest. The past two years have been the best ever resulting in a record \$16 million being contributed to programs benefiting Texas youth and education each of those years.

Wagner graduated from Oklahoma State University in 1982 with a degree in chemical engineering and from Harvard Business School in 1986 with a master's degree in business administration. In addition to the organizations mentioned above, Wagner worked for Conoco for two years, a start-up software company for two years and the management consulting company, McKinsey and Co. for four years just prior to joining the Rodeo.

Wagner and his wife Cindy have been married over twenty six years and have four children. He currently serves on the board of directors for the Greater Houston Convention and Visitors Bureau, Greater Houston YMCA and the Texas Bowl.

Whistleblower Bounty

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not occur. Every management team likes to believe that they have such a culture, but is the belief well-founded? Corporations should critically evaluate their internal compliance procedures, compliance infrastructure and compliance culture to assess whether their compliance program is well-designed to prevent and detect violations of the law.

The second line of defense is to maintain a culture that requires employees to raise potential problems internally. The difficulty in establishing a culture of raising potential issues should not be underestimated. It takes courage for employees to report problematic behavior by supervisors or colleagues. Corporations should critically evaluate whether employees understand that they are obligated to report red flags and non-compliant behavior. Benchmarking, independent interviews and employee surveys are a few tools to test employees' knowledge and comfort with the corporation's hotline and internal reporting mechanisms.

Finally, managed processes, with identified resources, should be developed to allow the organization to quickly and thoroughly investigate potential wrongdoing so that an informed decision can be made whether the corporation should report the matter directly to the government. With a 120-day deadline for employees to report issues to the SEC after reporting the issue internally, corporations need to be prepared to fully investigate allegations in a very short time-period so that it can evaluate whether there is an issue to report.

Peggy A. Heeg, co-chair of Fulbright & Jaworski's Corporate Governance Practice Group, represents companies, officers and special committees in conducting internal investigations, regulatory compliance and related party transactions. Ms. Heeg is a partner in the Houston office.

Texas CEO Magazine originally published Ms. Heeg's article in January, 2011

New Members - Sept. 2011

Evelyn Angelle
Halliburton Company

Robert Prather
Lucas Group

Linda Berger
BP Energy Company

Todd Rimmer, CPA
Valerus

Maxine N Buckles
Port of Houston
Authority

John Sanders
Professional Payroll
Solutions, Inc

Allen Davidson
Cockrell Interests

Maryann T. Seaman
FMC Technologies, Inc.

Neill P. Davis
Men's Wearhouse

Douglas S. Sharp
Administaff, Inc.

Steven M. Dougherty,
CPAEI Paso Corporation

Marlise Skinner
Texas Taxi, Inc.

G. Mitchell Elmer, CPA
Sysco Corporation

Scott Skrabanek
PSC, LLC

Jeff Fiesinger, CPA
SolArc

Marshall Smith
Ultra Petroleum Corp.

Kenneth Fisher
Noble Energy, Inc.

Mark Stauffer
Orion Marine Group, Inc.

David Fowler
Energy Maintenance
Services Group I, LLC

Michael K. Stewart
Marathon Oil
Corporation

John Hamrick
Sterling Bank

Barry Stewart
Ingrain

John Huser, CPA
NobleEnergy, Inc.

Jill Thiem
Partners in Building LP

Stephen J. Landry, CPA
Marathon Oil
Corporation

Bartho van Otterdyk

Bill J. Walls
BJW 1 Investments LLC

Richard Liem
Landry's Restaurants, Inc.

Fred Wasson
Power Lines Services, Inc.

William McCormick
Energy Maintenance
Services Group I, LLC

Gary Lee Whitlock
Centerpoint Energy, Inc.

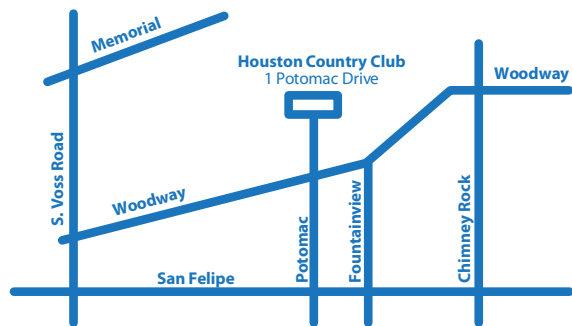
Kathy Oates Gish
Sysco Corporation

Bradford C. WitmerZone
Energy

Michael Pearl
Anadarko Petroleum
Corporation

Rick Allen Zachardy,
CPA

Sept. 20th meeting information



LOCATION:
Houston Country Club
 1 Potomac Drive
 Houston, TX 77057

AGENDA:
Professional Development Session (4:30pm)
Social hour (5:30pm)
Dinner (6:30pm)

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 Attorneys at Law

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Meeting Fax/Mail Reservation Form

Register online at <http://www.feihouston.org>

Mail to: P.O. Box 631206, Houston, TX 77263-1206 or Fax to: 713.776.1308
 One form per registrant please, photocopy as necessary. **Reservations Required** by 3:00 pm 2 business days before the meeting. may be canceled without cost as late as noon the day before the meeting. **"No-shows" will be billed \$90.**

Meeting Cost: No charge for Chapter Members and 1st time prospective members. Guests -\$90/person (guests & prospective members must be accompanied by member)

Attendee Name _____

Organization _____

Street Address _____ City / State / Zip _____

Phone _____ Fax _____ E-mail _____

Please select one: Chapter member 1st time prospective member

Spouse (name): _____

Payment method: MasterCard Visa Amex

Credit Card # _____ Expiration date (Month/Year) _____

Name on card _____ Signature _____

Billing address (street address, city, state and zipcode) _____