



Corporate Board Member/FTI Consulting Survey Finds Companies Grappling with Governance Issues and Rising Risk

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NEW YORK, Aug 23, 2011 (BUSINESS WIRE) -- The 11th Annual Legal Study by Corporate Board Member and FTI Consulting, Inc. (NYSE: FCN) suggests that recent regulatory action, while well-intentioned, is contributing to governance gridlock and increased liability, with the Dodd-Frank Wall Street Reform and Consumer Protection Act and its whistleblower policy at the forefront. Additionally, escalating risk, particularly in the areas of operations, data security, and e-discovery, is a chief concern among directors and general counsel.

The majority of those surveyed agree that the ultimate impact of the Dodd-Frank Act will be increased oversight, reduced earnings, and a less attractive capital market environment. Likewise, about 75% of directors and general counsel do not anticipate the act will be perceived positively in the future.

"The findings from our 2011 survey reveal that directors and general counsel feel strongly about the potential ramifications of the increased regulation and share some key concerns," said Neal Hochberg, senior managing director and leader of the Forensic and Litigation Consulting practice at FTI Consulting. "The potential impact of the Dodd-Frank Act is top of mind with these professionals, with many of them weighing the risks that this will add to companies as the act takes effect."

With regard to the areas respondents find most challenging, the survey reports that directors' main worries are operational risk (50%), data security (46%), and reputation management (43%). Likewise, data security is a top concern among general counsel (51%), trailing only e-discovery for litigation and investigation (56%) and management of outside legal fees (54%).

"There are a myriad of issues that companies are facing in the current regulatory environment, and the weight of these concerns only appears to be escalating among directors and general counsel," Hochberg said. "Many of the key issues have seen a marked increase in the number of respondents who view them as a concern compared with previous years. The number of directors who see operational risks as their biggest threat jumped substantially from last year, and, similarly, many more general counsel anticipate the looming risk of e-discovery compared with 2007."

Directors reveal that they also are worried about their personal liability. As a result of 2008's economic meltdown and subsequent bailout, some governance experts have predicted the legal and regulatory community may double up efforts to hold directors accountable for serious violations or neglect of duties. Should these prognostications prove true, more than half of those surveyed indicate they would expect an exodus of qualified directors.

Meanwhile, the majority (69%) of general counsel see regulatory compliance as the function adding the most workload to the internal legal department over the next 12 months, which is a significant increase from 2009, when only 37% of general counsel surveyed indicated the same.

For additional findings or to download a PDF version of the complete report on the Corporate Board Member/FTI Consulting 2011 Legal Study, please visit <http://www.boardmember.com/feelingtheheat.aspx> or <http://www.fticonsulting.com>.

About FTI Consulting -- FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory, and economic environment. With more than 3,700 employees located in 22 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate, and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, and restructuring. The company generated \$1.4 billion in revenues during fiscal year 2010. More information can be found at www.fticonsulting.com.

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