



## **PSP** Case Study

# Governance, Risk & Compliance Services

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### **ABOUT US**

On the basis of our successful history spanning over 40 years, Peters, Schönberger & Partner is one of the most highly regarded mid-sized firms in Germany. As tax consultants, auditors and lawyers, we assist you when you make important decisions and help you put them into effect. Our clients include Mittelstand companies, family enterprises, wealthy private persons and private equity firms that seek interdisciplinary and customised advice.

We operate wherever our clients need us, as we are aware that personal advice does not end at the border. This is why we have been a central member of DFK International since 1990. In addition, we cultivate personal contacts to many excellent advisers abroad. These relationships have grown over the years and enable us to give you prompt and efficient advice on complex international issues. Our experience enables us to combine professional knowhow with profound economic expertise, always seeking the best solution for your success in Germany. We also help our foreign clients to surmount language, cultural and other business challenges.



## **Starting Point**

The newly appointed CEO of an international trading corporation started an internal cost analysis into monitoring the distribution costs of a range of the company's products. The sales relating to a certain Country A in the Far East showed eye-catching distribution costs. It is a well known fact that market access to that country is controlled by government agencies which often ban the sale of products by the competitors of the trading company while the company itself performs extremely well. The CEO had strong indications that the distribution costs did not reflect typical sales or distribution operations.

## **Client Profile**

As an international trading company the client is represented in several countries worldwide. The company has a range of products and generates revenue of hundreds of millions of USD annually. Management and senior members of the sales department receive substantial bonus payments depending on their operational success. The client runs a legal department attached to the central management but in foreign countries the Representative Offices do not usually utilize advanced legal services of the client's legal department. Financial statements had been audited by the company's CPA annually without qualification.

## **The Project and Challenges**

PSP was mandated by the new CEO to examine all relationships with Country A in the Far East. Electronic and physical data collection and monitoring was undertaken in a well defined process. We started by reviewing key transactions for their economic background, legal validity and appropriateness. By utilizing the services of a DFK International partner law firm, the regional distribution relations and the documentation in the regional Representative Office were scrutinized in detail. The CEO wanted to inform the Board very quickly of his findings and also wanted to limit any required changes to only those that were necessary. Confidentiality was imperative to ensure that suppliers, customers and competitors did not find out about the process. The client expected that disclosures to public regulators would be restricted to only those required by law.



## **Project Results and Project Benefits**

PSP detected certain “commission” payments to the personal benefit of leading members of a government agency in Country A. PSP was able to identify the responsible individuals and to comprehensively detail which transactions and payments had a true business background and which payments could be considered as unlawful by not being in compliance with international criminal and anti-bribery law, export controls and tax law. The relevant issues and corrective action were reported to relevant prosecutors, regulators and tax authorities. The company recovered its good standing. The DFK International partner firm reassessed the business relations with the Far East country and the CEO was able to continue the international development of the company. Furthermore PSP helped to install a compliance management system providing efficient protection against illegal business methods, leaving the company as a lawful market player.

## **Client Reference**

With strong expertise in accounting, various legal services and tax consulting, clients praise the interdisciplinary approach of PSP which offers all relevant services from a single source. As investigations increasingly involve multiple jurisdictions and foreign legal constraints, our clients benefit from our substantial experience in coordinating complex international cases and relying on excellent support from DFK International member firms.



## Our Services

- All matters of Corporate Compliance and Internal Investigations
- Corporate Governance and Governance Guidelines
- Forensic Accounting, Fraud Investigation and Special Audits  
(also on regulator's request)
- All services in implementing and maintaining Compliance Management Systems (CMS)
- Counselling of Executive Management, Board Members and Staff Training
- Tax Compliance, Fiscal Offences and Tax Controversy
- Trade and Economic Sanctions



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