

# Executive Director's Report



*t h e*  
NATOMAS  
BASIN  
*c o n s e r v a n c y*



Natomas  
Mutual Water Company

2601 W. Elkhorn Blvd.  
Rio Linda, CA 95673  
Office 916 419 5936  
Fax 916- 419 8691

**RECEIVED**

**APR 20 2015**

## **IMPORTANT WATER SUPPLY UPDATE #2**

**DATE:** April 16, 2015

**TO:** Natomas Mutual Water Company Shareholders and Water Users

**SUBJECT:** 75% Water Supply for 2015 -U.S. Bureau of Reclamation Water Allocation

### **2015 Water Supply Update**

We are off to another good water year here in Natomas. After months of working with the USBR and the State Water Board, we were again successful in ensuring our 75% water supply allocation for 2015. At this level of allocation, Natomas will be able to provide its shareholders adequate water for the historically irrigated fields within the Company. To achieve the 75% supply we have agreed to not exceed last year's monthly river diversions amounts. With conjunctive use and other efficiency improvements this will not be a problem but continued water conservation is essential. Our operations staff will continue to operate the system in an efficient manner and work with our growers on water efficiency. Thanks you in advance for your cooperation and assistance during this fourth year of drought.

If you have any questions, please contact us at 916-419-5936 or [awolken@natomaswater.com](mailto:awolken@natomaswater.com)

**From:** John Roberts jroberts@natomasbasin.org

**Subject:** water allocation dceision

**Date:** April 21, 2015 at 9:53 AM

**To:** Danelle Stylos dstylos@co.sutter.ca.us, Steven Willey swilley@syix.com, David Christophel dchristo@ch2m.com, Bill Edgar bille@eanda.org, Kevin McRae kevin@mcraecpa.com, Dan Silva dan.calvalleynut@gmail.com, Michael Bradbury Mike.Bradbury@water.ca.gov, Kay Backer kbiusa@aol.com, Davin Norene rdnorene@gmail.com, Charee Thurman allaboutyouyc@gmail.com

**Cc:** Kimberli Burns kburns@natomasbasin.org, Jennifer Kelley jkelley@natomasbasin.org, Valerie Huezo vhuezo@natomasbasin.org, Jeremy Lor jl原因@natomasbasin.org, Edward Quinn Edward.Quinn@bbklaw.com



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This is public information.

Board members:

We just received written confirmation that the Natomas Central Mutual Water Company will receive 75 percent of its water supply allocation for 2015. While the good news comes late (which confounds planting decisions), it is a very significant piece of news for the Conservancy and its ability to keep marsh complexes fully functional, to keep upland crops in production for the benefit of avian species, and also to meet the Conservancy's 2015 budget.

As was clear from the heavy political push by senior elected officials that participation in the groundwater exchange program by the Natomas Central Mutual Water Company was an essential factor in obtaining the 75 percent allocation decision.

We will have more on this at the upcoming Board of Directors meeting. But for now, we wanted to make sure Board members were aware of this critically important news.

John Roberts  
Natomas Conservancy



**From:** Dunn, Alexandria@Wildlife Alexandria.Dunn@wildlife.ca.gov

**Subject:** RE: Due Diligence Review Complete

**Date:** April 30, 2015 at 11:22 AM

**To:** John Roberts jroberts@natomasbasin.org

**Cc:** Jennifer Kelley jkelley@natomasbasin.org, Kim Burns kburns@natomasbasin.org, Edward Quinn Edward.Quinn@bbklaw.com

DA

Hi John,

There is no need to be worried. I should have preceded 'letter' with the very important word 'approval'. In fact, your application was very well-organized and more than adequately documented your ability to hold and manage mitigation lands.

Thank you,  
Ali

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**From:** John Roberts [mailto:jroberts@natomasbasin.org]

**Sent:** Thursday, April 30, 2015 11:17 AM

**To:** Dunn, Alexandria@Wildlife

**Cc:** Jennifer Kelley; Kim Burns; Edward Quinn

**Subject:** Re: Due Diligence Review Complete

Thank you very much.

Reading the words in your email, very carefully, I am worried.

If there is some question about the Conservancy's authority to hold and manage lands, there is something bordering on a massive problem. If so, we'd need to check with the Department's legal counsel, since it evidenced in both federal and state court that the Conservancy did in fact have that authority, that the authority was certain and unequivocal, and that there was assured funding for it to hold and manage HCP mitigation land.

If this process as noted below could unwind all of that, that is, if the Conservancy's authority is in question, then you can see there would be questions about state misrepresentation, among many other consequences.

Did your due diligence review affirm the Conservancy's ability and authority to hold and manage land, or did it not?

Thanks for your attention to this request. It is a HUGE deal for the Conservancy and the State, and we need to be precise and clear on exactly what is at stake here.

John



**John Roberts** | Executive Director

The Natomas Basin Conservancy

[jroberts@natomasbasin.org](mailto:jroberts@natomasbasin.org)

916.649.3331



On Apr 30, 2015, at 10:49 AM, Dunn, Alexandria@Wildlife  
<[Alexandria.Dunn@wildlife.ca.gov](mailto:Alexandria.Dunn@wildlife.ca.gov)> wrote:

Hi Jennifer and John,

I just wanted to provide an update and let you know I have completed due diligence review of Natomas Basin Conservancy's application to hold and manage lands. You can expect the letter to arrive within a couple of weeks. Thank you for your patience while I worked through review of your application and please do not hesitate to contact me with any questions.

Thanks,  
Ali

Ali Dunn, Environmental Scientist  
Regional Mitigation Banking Coordinator  
North Central Region (2)  
1701 Nimbus Road, Rancho Cordova CA 95670  
(916) 358 – 1374

**Conservation and Mitgation Banking**

[Alexandria.Dunn@wildlife.ca.gov](mailto:Alexandria.Dunn@wildlife.ca.gov)

[www.wildlife.ca.gov](http://www.wildlife.ca.gov)

<image002.png>

## Buzz Oates Group of Companies

April 29, 2015

The Natomas Basin Conservancy

John Roberts, Executive Director

Kim Burns, Manager, Business and Accounting

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1. Introduction
2. Historical basis for relationship
3. Incidental Take Permits
4. Benefits of the MAPHCP *ratio, ~~scenarios~~ litigation-heavy environment linkage to NCEP*
5. Plan Operator function *manage mitigation on behalf of permit users*
6. How mitigation works under the HCPs *annually BEMP performance-based xfer mitigation obligation to conservancy*
7. Assured funding; its importance and how it works *always demonstrate adequacy*
8. Creative ways to use the ITP, relationships *illegal trade*
9. What to expect in the next 12 to 24 months
10. Questions and answers

Notes

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You are logged-in as: **John Roberts - The Natomas Basin Conservancy A California Nonprofit Public Benefit Corporation.**  
If this account does not belong to you, please log out.

Navigate To:

## Storm Water Annual Report Monitoring (SWARM)

<b>Site Name:</b>	Phase 3 Pond R BKS Habitat Preserve	<b>Owner:</b>	The Natomas Basin Conservancy A California Nonprofit Public Benefit Corporation	<b>WDID:</b>	5S34C369400
<b>Report Period:</b>	2014-15	<b>Report Status:</b>	Submitted	<b>Risk:</b>	Level1

[General Info](#) [Form 1](#) [Form 2](#) [Form 3](#) [Daily Averages Summary](#) [Attachments](#) [Certification](#) [Status History](#)

### Ad Hoc Reports

All Ad Hoc Reports must be in submitted status in order to certify and submit this Annual Report.

Event ID	Event Type	Start Date & Time	End Date & Time	Status	Received Date
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Your electronic event Report has been successfully received by the State Water Resources Control Board's database and is hereby certified. Your confirmation information for this certification is as follows:

<b>WDID</b>	5S34C369400
<b>Report Period</b>	2014-15
<b>Certifier Name</b>	John Roberts
<b>Date Certified</b>	04/30/2015
<b>Certification ID</b>	822472

Please print out this screen as proof of certification. You will not be allowed to make any further changes to the certified report. If you need to correct any information you must contact your Regional Board representative.

All records must be retained for 5 years from the date of the report or monitoring activity.

[Print Annual Report](#)

[Back](#) [Next](#)



You are logged-in as: **John Roberts - The Natomas Basin Conservancy A California Nonprofit Public Benefit Corporation.**  
If this account does not belong to you, please log out.

Navigate To:

**NOTICE OF TERMINATION**

Please enter or update the application details completely and submit the application.

**WDID:** 5S34C369400 **Operator:** The Natomas Basin Conservancy A California Nonprofit Public Benefit Corporation  
2150 River Plaza Drive Sacramento CA 95833 **NOT Status:** Submitted to Waterboard

**Permit Type:** Construction **Facility:** Phase 3 Pond R BKS Habitat Preserve  
8701 East Levee Road Elverta CA 95626 **NOT Submitted Date:**

**NOT Return Date:** 04/30/2015

**NOT Approved/Denied Date:**

Your NOT is Certified and Successfully submitted to water board.

[NOT Form](#) [NOT Attachments](#) [NOT Certify/Review](#) [NOT Status](#) [NOT Print](#) [Back To NOI Summary](#)

The electronic "Notice of Termination" has been successfully received by the State Water Resources Control Board's database. The confirmation information for this certification is as follows:

<b>Application ID</b>	527207
<b>Type</b>	Construction
<b>Submission/Certify Date</b>	04/30/2015
<b>Certifier Name</b>	John Roberts
<b>Certifier Title</b>	Executive Director

Please print out this screen as proof of certification. If you need to correct any information, please contact the Regional Board representative.

All records must be retained for 5 years from the date of the report or monitoring activity.

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Fields marked with \* are mandatory fields.



**The Natomas Basin Conservancy  
Board of Director Term Ending Dates &  
Board Committee Assignments**

**City of Sacramento Appointee Term Ending Dates**

Date	Board Member
12/01/15	Kay Backer
12/01/16	William Edgar, Treasurer
12/01/16	Kevin McRae
12/01/18	Michael Bradbury
12/01/18	David Christophel, Secretary

**County of Sutter Appointee Term Ending Dates**

Date	Board Member
12/01/15	Dan Silva, Chair
12/01/15	Danelle Stylos
12/01/16	Davin Norene, Vice Chair
12/01/17	Charee Thurman
12/01/17	Steven Willey

**Committee Assignments**

1 - Audit	2 - Comp.& Governance	3 - Finance	4 - Real Estate
Bradbury	Backer *	Edgar *	Silva, Chair
McRae *	Christophel	Norene	Norene
Willey	Stylos	Thurman	

Fund	2008	2009	2010	2011	2012	2013	2014
Endowment	7,564,700	9,591,852	10,900,281	10,798,655	13,179,783	15,399,657	16,326,913
Supplemental Endowment	1,299,498	1,655,218	1,871,032	1,851,118	2,161,242	2,527,650	2,686,889
Combined Total	8,864,198	11,247,070	12,771,313	12,649,774	15,341,025	17,927,307	19,013,802

graham

**From:** John Roberts jroberts@natomasbasin.org  
**Subject:** groundwater program, Scot Mende's service  
**Date:** May 1, 2015 at 4:09 PM  
**To:** Danelle Stylos dstylos@co.sutter.ca.us, Steven Willey swilley@syix.com, David Christophel dchristo@ch2m.com, Bill Edgar bille@eanda.org, Kevin McRae kevin@mcraecpa.com, Dan Silva dan.calvalleynut@gmail.com, Michael Bradbury Mike.Bradbury@water.ca.gov, Kay Backer kbiusa@aol.com, Davin Norene rdnorene@gmail.com, Charee Thurman allaboutyouyc@gmail.com  
**Cc:** Kim Burns kburns@natomasbasin.org, Jennifer Kelley jkelley@natomasbasin.org, Valerie Huezo vhuezo@natomasbasin.org, Jeremy Lor jl@natomasbasin.org, Edward Quinn Edward.Quinn@bbklaw.com, Stacia Cosgrove scosgrove@cityofsacramento.org

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May 1, 2015

**MEMO**

**TO:** Board members, others

**FROM:** John Roberts

**RE:** Updates

This is public information.

We wanted to update the Board on the groundwater exchange program for 2015 and the memorial service of Scot Mende.

Groundwater exchange program. The target date for activation of the program was today, but as of this writing, no groundwater production had been authorized. However, as of this morning, the Biological Opinion had been completed and delivered. By noon, contracts had been delivered to the Natomas Central Mutual Water Company (NCMWC) from the Bureau of Reclamation. NCMWC hoped that by the end of the day, the purchaser of the NCMWC groundwater exchange program water, the Delta Mendota Water Agency, would finalize the amount of water it was willing to pay for. Based on all this, the earliest the Conservancy's groundwater wells would be operating as a participant in this program would be tonight.

Yesterday, there was a late glitch where three of the Conservancy's groundwater wells were subject to being determined ineligible for participation based on federal and state government requirements. Thanks to the excellent records and retrieval system Conservancy staffers Jennifer and Valerie have in place, the Conservancy was able to submit documentation that resolved the issue, and we heard back that the extent of the response and speed of the response was exemplary. So it now appears that 100 percent of the Conservancy's participating wells will be generating water for the program.

Scot Mende memorial service. On another matter, the funeral service for the City of Sacramento's Scot Mende was yesterday afternoon. I attended the service on behalf of the Conservancy. Mayor Kevin Johnson delivered one of the eulogies, and former Mayor Heather Fargo officiated. It was standing-room only and attendees overflowed into the hallways and doorways. There were many kind and heart-warming statements about Scot at the service, and each and every one of them was deserved. There has never been a bigger supporter, defender and protector of the Conservancy than Scot. At times, I do not know what we will do without him.

There is no need to respond to this email. It is simply for your information.



4/26/15	121 Plant 3	Perimeter secure
4/26/15	133 Plant 5	Perimeter secure
4/26/15	140 RD 1000 Shop	Perimeter secure
4/26/15	150 Elkhorn Pump	Appears ok
4/26/15	157 Pritchard lake pump	Appears ok
4/26/15	205 Fish Screen/Plant 2	Appears ok
4/26/15	220 Plant 4	Building secure
4/26/15	230 Morrison Pumps	Appears ok
4/26/15	235 Morrison North	Appears ok
4/26/15	245 Chappel Pumps	Secure
4/26/15 255-350	NBC BKS	Secure

4/27/15 925-1115	NMWC Shop	Perimeter Secure
4/27/15 1130-1230	RD 1000 Shop	Perimeter Secure
4/27/15 1240-200	NBC BKS	Nothing Seen
4/27/15 225-330	Pritchard Lake/Plant 2	Nothing Seen

4/28/15 NO WORK	NO WORK	NO WORK
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4/29/15	955 Morison Pumps	Nothing Seen
4/29/15	1010 Plant 4	Building Secure
4/29/15 1010-1030	NBC along Canal	Nothing Seen
4/29/15	1050 Fish Screen	Nothing Seen
4/29/15	1100 Pritchard Lake/Plant 2	Nothing Seen
4/29/15	1110 Elkhorn Pump	Fishermen-agreed to leave
4/29/15	1125 RD 1000 Shop	Nothing Seen
4/29/15	1135 Plant 5	Nothing Seen
4/29/15	1145 Plant 3	Nothing Seen
4/29/15	1155 30 horse pump	Nothing Seen
4/29/15	1210 Plant 1	Nothing Seen
4/29/15	1215 RD 1000 Office	Building Secure
4/29/15	1230 Plant 3	Nothing Seen
4/29/15	1240 Plant 5	Nothing Seen
4/29/15	1255 RD 1000 Shop	Nothing Seen
4/29/15	105 Elkhorn Pump	Nothing Seen
4/29/15	110 Pritchard Lake/Plant 2	Nothing Seen
4/29/15	120 Fish Screen	Nothing Seen
4/29/15	130 Plant 4	Nothing Seen
4/29/15	140 Morrison Pumps	Nothing Seen
4/29/15	145 Morrison North	Nothing Seen
4/29/15	200 NMWC Shop	Nothing Seen
4/29/15	220 Plant 8	Nothing Seen
4/29/15	240 Plant 1	Nothing Seen
4/29/15	245 RD 1000 Office	Nothing Seen
4/29/15	255 Slant Pump	Nothing Seen
4/29/15	300 Pullman	Nothing Seen
4/29/15 305-340	Ruby Ranch	See Notes #4*****

4/30/15 940-1050	Chappel Pumps	Nothing Seen
4/30/15 1105-1245	Riego East/ West	Nothing Seen
4/30/15 1255-205	NBC BKS	Nothing Seen
4/30/15 210-315	NMWC Shop	Nothing Seen
4/30/15 320-400	RD 1000 Shop	Nothing Seen

\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*\*\*NOTES\*\*\*

#1- Located a small group of homeless hanging out in back of the RD 1000 Office. Subjects were advised they were trespassing and they needed to leave the area and not return. Subjects cleared the area. Building checked secure.

#2- Located several beer cans at the base of the levee near the gate to Pump 1. Unsure if subjects have been hanging out drinking. Will keep closer eye on the area.

#3- While on the way to Plant 2, observed what appeared to be a quad runner and spotlight working the tree line north of the plant. Made contact with Game Warden Byron Trunnell. Remained in the area for the remainder of the shift. Trunnell later made contact and advised that he had checked the area but located no signs of poaching.

#4- Located two trucks, one Silver Toyota and a Red Ford parked on Powerline Rd with no one around. Located three subjects, Samantha Garcia, Michael Boare and James Smith on the Ruby Ranch property. They were advised to leave the area and not return. If they were located on the property again, they would be arrested for trespassing. They agreed to leave. Checked the area and everything appeared ok.

#1 pulled up to cross canal off howsely rd came upon some people who came from the garth brooks concert trying to hop the fence to get in to the rice patty to start a bon fire and party so I was told by one of the people I contacted I tried to contact sheiff department but they told me it was a highway patrol issue because they were still on the road finally convinced them to leave at about 11:45pm



PLEASE NOTE

Cars in Funeral processions do not have legal right of way, nor can you lawfully ignore any traffic control device unless specifically directed by escorting police officer to do so.

Your funeral director has no control or direction over cars in the funeral procession. You must obey all traffic rules and participate in the funeral procession at your own risk.

Will those driving in the procession turn on headlights for safety.

**EAST LAWN MORTUARIES**

Andrews & Greilich  
3939 Fruitridge Road  
Sacramento  
ED. #136

East Lawn Elk Grove Mortuary  
9189 East Stockton Blvd.  
Elk Grove  
ED. #1455

East Lawn Mortuary  
5757 Greenback Lane  
Sacramento  
ED. #1242

Albert Brown Mortuary  
3436 Piedmont Avenue  
Oakland  
ED. #242



*In Loving Remembrance*

## **Remember Me**

To the living, I am gone.  
To the sorrowful, I will never return,  
To the angry, I was cheated.  
But to be happy, I am at peace.  
And to the painful, I have never left.  
I cannot speak, but I can listen.  
I cannot be seen, but I can be heard.  
So as you stand upon a shore  
gazing at a beautiful sea....  
Remember me.  
As you look in awe at a mighty  
forest and its grand majesty....  
Remember me.  
As you look upon a flower  
& admire its simplicity....  
Remember me.  
Remember me in your heart, your  
thoughts, and your memories of  
the times we cried, the times we  
fought, the times we laughed.  
For if you always think of me,  
I will have never gone.

## **In Loving Memory of Scot Howard Mende**

### **Date and Place of Birth**

July 27, 1956  
Inglewood, California

### **Date and Place of Death**

April 17, 2015  
Sacramento, California

### **Memorial Service**

East Lawn Memorial Park  
43<sup>rd</sup> & Folsom Blvd.  
Sacramento, California  
Thursday, April 30, 2015  
At 2:00 p.m.

**Officiating:** Heather Fargo

### **Reception to follow**

Clunie Community Center  
601 Alhambra Blvd.  
Sacramento, California  
916-452-8011

### **Interment**

East Lawn Memorial Park  
Sacramento, California

**Scot's family respectfully requests that  
images of this memorial  
and reception not be posted or  
shared on social media.  
Thank you for your consideration.**



2150 RIVER PLAZA DRIVE  
SUITE 460  
SACRAMENTO, CA 95833  
PHONE: 916.649.3331  
FAX: 916.649.3322

April 21, 2015

Mr. John Shirey, City Manager  
City of Sacramento  
915 I Street  
Sacramento, CA 95814

RE: Natomas and Scot Mende

Dear John:

We were saddened to learn of the passing of the City's New Growth Manager, Scot Mende. Besides being a dedicated and hard working City employee, he was very much a great guy. He will be sorely missed.

With Scot's passing is the loss of a great deal of institutional memory with respect to Natomas and the City's obligations under the Natomas Basin Habitat Conservation Plan (NBHCP). The many rounds of extended litigation, the City's strategies to resolve federal and state endangered species act issues, where compliance issues are easy and where they are challenging, City commitments on mitigation of selected trees, etc. The list is seemingly endless.

The Conservancy is the City's "Plan Operator" for the NBHCP, and we hold a good deal of knowledge that may be useful to the City as it transitions from Scot's skilled hand to whomever it is that replaces him. To reduce the City's obligation to its barest, most simple form, there are three actions required with respect to the City's compliance with the agreements it has with the state and federal government in this regard:

- 1.) determine if HCP fees are paid prior to issuance of a grading permit,
- 2.) ensure that the "take minimization practices" the City has agreed to are followed with each project, and
- 3.) report annually to the federal and state government (among others) on the number of acres of the Permit used and fees collected.

Please feel free to offer our availability to meet with and support City staff in matters pertaining to development in Natomas and compliance with the terms and conditions of the City's Incidental Take Permit and more generally, obligations under the NBHCP. We're here to serve. We'd be honored to help.

Sincerely,

The Natomas Basin Conservancy, a California  
Non-profit Public Benefit Corporation



By: John Roberts  
Executive Director

cc: Councilmember Angelique Ashby (District 1)  
Councilmember Allen Warren (District 2)  
Councilmember Jeff Harris (District 3)



OFFICERS AND  
BOARD OF DIRECTORS

DAN SILVA  
*Chair*

DAVIN NORENE  
*Vice Chair*

DAVID CHRISTOPHEL  
*Secretary*

CHAREE THURMAN  
*Treasurer*

KAY BACKER  
*Board Member*

MICHAEL BRADBURY  
*Board Member*

WILLIAM EDGAR  
*Board Member*

KEVIN MCRAE  
*Board Member*

DANELLE STYLOS  
*Board Member*

STEVEN WILLEY  
*Board Member*

EXECUTIVE OFFICER  
John R. Roberts  
*Executive Director*



*City of*  
**SACRAMENTO**  
Office of the City Manager

*John F. Shirey*  
City Manager

*City Hall*  
915 I Street, Fifth Floor  
Sacramento, CA 95814-2604  
916-808-5704

**RECEIVED**  
MAY 27 2015

May 21, 2015

Mr. John Roberts, Executive Director  
The Natomas Basin Conservancy  
2150 River Plaza Drive  
Sacramento, CA 95833

RE: Natomas Contact

Dear John:

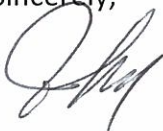
Thank you very much for reaching out to us at this very difficult time. The loss of Scot Mende was sudden and profound. As you acknowledge in your letter, Scot's dedication and humor were hallmarks of his outstanding character. His knowledge of Natomas history is difficult to replace.

The easing of building restrictions this year signals the beginning of a new era in Natomas. To that end, the City has been preparing to issue building permits again for some time now. Along with that comes the continued responsibility of carrying out the obligations prescribed by the Natomas Basin Habitat Conservation Plan (NBHCP).

We are in the process of transitioning Scot's numerous work responsibilities to other staff members within the Community Development Department. The new Senior Planner in the Natomas area will be Lindsey Alagozian (916-808-2659, [lalagozian@cityofsacramento.org](mailto:lalagozian@cityofsacramento.org)). Lindsey worked in the Natomas area from 2007-2014 and is familiar with many of the projects and developers. She will serve as the primary point of contact for proposed Natomas development through the entitlement process.

I am certain that Lindsey and other planning staff members will gratefully take you up on your offer to meet and provide support during this time.

Sincerely,



John F. Shirey  
City Manager

May 7, 2015, 3:42 PM ET

## Some Large Foreign Companies Reject Compliance Chief Role



Reuters

The Gazprom logo is seen on the side of the company's headquarters in Moscow.

Some of the largest foreign companies reject the need for having a chief compliance officer, a role widely seen as important among large U.S. companies and U.S. regulators alike.

Japanese car-maker [Toyota Motor](#) Corp., Russian energy conglomerate [OAO Gazprom](#) and Italian energy company [Eni](#) SpA said to Risk & Compliance Journal they don't include that position in their executive ranks. Instead, Toyota and Eni say they use committees to handle compliance, while Gazprom said its internal controls function is "distributed among several divisions depending on the field of responsibility," and those divisions report to different top managers.

Most major U.S. companies have a chief compliance officer. U.S. laws don't mandate companies to have that position, but regulators say companies need a compliance program in place to



ensure an organization follows the law. Many governance experts say companies should have a single person overseeing corporate compliance matters, with a staff enforcing rules, developing policies and conducting training exercises.

"The role is critical, because if it's misaligned, that's when you have problems," said Pamela Passman, president and chief executive at the Center for Responsible Enterprise and Trade, or CRATe, a non-government organization that helps companies prevent piracy, trade-secret theft and corruption.

Eni made the case to [Risk & Compliance Journal](#) that its compliance program is effective, even without a CCO role. Its arrangement is "based on a logic of competences," with compliance responsibilities divided among committee members who periodically report to the relevant committees at the board of directors, said Erika Mandraffino, a spokeswoman.

The company's compliance committee features some of its top officials, including the chief legal and regulatory affairs officer; the corporate affairs and governance senior executive vice president; the head of internal audit and the executive vice president of human resources, she said. The committee, Ms. Mandraffino said, provides advice and support concerning compliance and governance matters.

She said the committee reports to the chief executive on any pressing new compliance issues. Members of the compliance committee also participate in business strategy meetings, said Ms. Mandraffino.

Toyota declined to explain the thinking behind its approach to compliance, and Gazprom didn't respond to requests for further comment.

The significance of the chief compliance officer role came to the fore in the wake of a corruption scandal surrounding Brazil's state-run oil firm [Petroleo Brasileiro SA](#). The company, still dealing with the fallout of a widening scandal, hired an executive in January to lead a newly created compliance division, which a Petrobras spokeswoman said in an email was established to "ensure the compliance of processes and mitigate risks, including those of fraud and corruption."

"Our goal is to turn Petrobras into a benchmark in governance, risk and compliance," the spokeswoman said.

Although Petrobras said its creation of a compliance chief position was intended to reduce compliance risk, many companies with executives in that role have been penalized for breaking laws on bribery, money laundering, sanctions and other compliance areas.

Still, some experts say lacking an individual chief compliance officer opens companies up to



more risk.

"Compliance depends on one very important principle, and that's accountability," said Mike Volkov, who leads the Volkov Law Group, a boutique firm that specializes in compliance. Mr. Volkov said the absence of a formally designated chief ethics and compliance officer "demonstrates an insensitivity and lack of awareness" regarding compliance as a basic tenet of a corporate framework.

"To the extent that non-U.S. companies operate with those blinders, they set themselves up for future prosecutions, large fines and penalties by U.S. prosecutors," said Mr. Volkov.

Other experts disagreed, saying the formal role is less important than having a coherent program.

"[Compliance] can take many forms, but what you want to be able to do is to lay it out on the table. Put the various elements, activities and controls that, together, represent your organization's compliance program," said Scott Moritz, a managing director at risk consultancy Protiviti.

Even if someone doesn't have the title of "chief compliance officer," said Ms. Passman, there has to be a person, or group of people, at an organization who have the authority to put in place an effective compliance program and ensure the independence of a compliance staff.

"You need a person whose job description includes the development, the management and the enforcement of a compliance program," said Ms. Passman.

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