

**THE PAXTON COMPANIES**  
**Corporate Human Resources Policy Manual**

Policy Number:	<b>108</b>	Status:	Approved
Title:	<b>Conflicts of Interest and Compliance with the Foreign Corrupt Practices Act (FCPA)</b>	Effective Date:	11/03/98
Revision Date:		Revision Date:	02/18/1999
		Revision Date:	05/21/2012

The Paxton Companies, including all its branches, divisions, departments, agents/partners and employees, is committed to conducting its business ethically and in compliance with all applicable laws and regulations governing conflicts of interest, bribery, and improper payments, while in the process of conducting business. In ensuring our due diligence is performed, Paxton reserves the right to perform a risk based assessment of any agent/partner, etc. and retains the right not work with agents/partners we believe to be operating outside of the confines of the FCPA. For more information please email [compliance@paxton.com](mailto:compliance@paxton.com)

**POLICY OVERVIEW**

Employees, agents/partners, etc. have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which The Paxton Companies wishes the business to operate. The purpose of these guidelines is to provide general direction so employees, agents/partners, etc. can seek further clarification on issues related to the subject of acceptable standards of operation.

Transactions with outside firms must be conducted within an established framework and controlled by the executive level of The Paxton Companies. Business dealings with outside firms should not result in unusual gains for those firms. The term "unusual gains" refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of The Paxton Companies business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of The Paxton Companies as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which The Paxton Companies does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving The Company.

Inclusive in this policy is compliance and adherence to the practices, requirements, prohibitions and strictures of the **US FOREIGN CORRUPT PRACTICES ACT of 1977, as amended, 15, U.S.C. §§78dd-1, et seq. ("FCPA")**.

The **Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA")**, was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

Since 1977, the anti-bribery provisions of the FCPA have applied to all U.S. persons and certain foreign issuers of securities. With the enactment of certain **amendments in 1998**, the anti-bribery provisions of the FCPA now also apply to foreign firms and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place within the territory of the United States.

The FCPA also requires companies whose securities are listed in the United States to meet its accounting provisions. **See 15 U.S.C. § 78m**. These accounting provisions, which were designed to operate in tandem with the anti-bribery provisions of the FCPA, require corporations covered by the provisions to (a) make and keep books and records that accurately and fairly reflect the transactions of the corporation and (b) devise and maintain an adequate system of internal accounting controls.

Information detailing the requirements of and adherence to the **FCPA** may be found as an **Addendum** to this policy manual. This information may be used to inform prospective clients of our commitment to conducting business in an ethical manner.

Approved By: Signed Frederick D. Paxton, II  
 Fred Paxton  
 Chief Executive Officer

05/21/2012  
 Date: