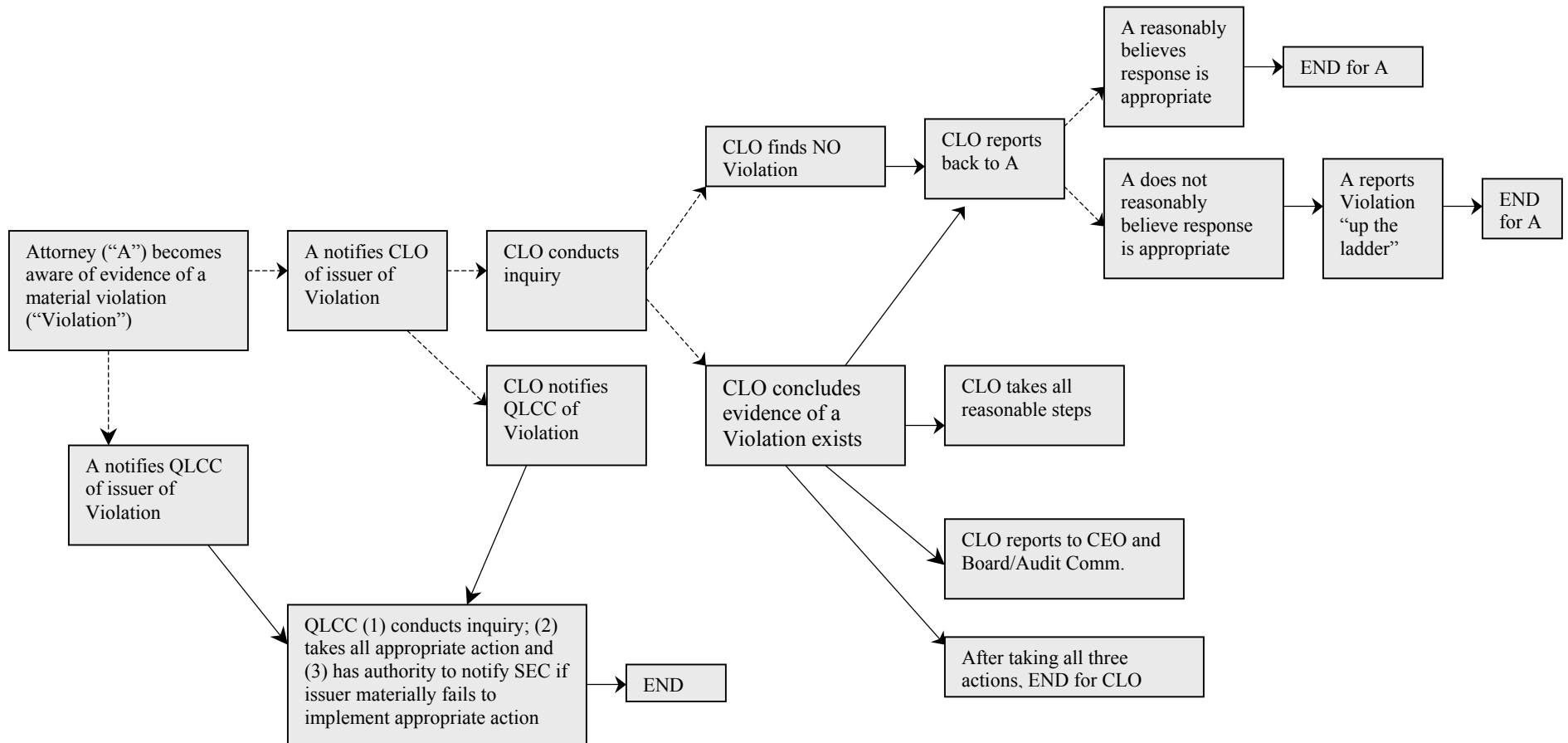


## SEC ATTORNEY CONDUCT RULES FLOW CHART



-----> = alternative actions

————> = required action

## Special Cases under the SEC Regulations Governing Attorney Conduct

- *Attorney Retained to Investigate or Litigate:*
  - An attorney does not have any obligation to report evidence of a material violation “up the ladder” if retained by the CLO to investigate a report of a material violation or to assert a colorable defense on behalf of the issuer in an investigation or proceeding, reports the results of the investigation to the CLO and (i) either both the attorney and the CLO reasonably believe no material violation has occurred, is ongoing, or is about to occur or (ii) the CLO reports the results of the investigation (or in litigation, provides reasonable and timely reports) “up the ladder” or to a QLCC.
  - An attorney who is retained or directed by a QLCC to investigate evidence of a material violation or to assert a colorable defense does not have any obligation to report evidence of a material violation “up the ladder.”
- *Attorney Disclosure of Confidential Information:* An attorney may, without the client’s consent, provide to the SEC confidential information related to the representation of the client, if the attorney reasonably believes it necessary:
  - to prevent the issuer from committing a material violation that is likely to cause substantial injury to the financial interest or property of the issuer or investors;
  - to prevent the issuer, in a SEC investigation or administrative proceeding, from committing perjury, suborning perjury or committing any act proscribed in 18 U.S.C. 1001 that is likely to perpetrate a fraud upon the SEC; or
  - to rectify the consequences of the issuer’s material violation that caused, or may cause, substantial injury to the financial interest or property of the issuer or investors in the furtherance of which the attorney’s services were used. In addition, an attorney may use the documentation in connection with a report to defend against charges against that the attorney has failed to comply with the rules.
- *Rights of a Discharged Attorney:* An attorney who reported evidence of a material violation and reasonably believes that he or she has been discharged for making such a report may notify the issuer’s board of directors or any committee of his or her belief.
- *Responsibilities of Supervisory and Subordinate Attorneys:*
  - Supervising attorneys are required to take steps to ensure that subordinate attorneys comply with the reporting rules, and are responsible for complying with the reporting requirements when a subordinate attorney has reported evidence of a material violation to the supervising attorney.
  - Subordinate attorneys are deemed to have satisfied their reporting obligations once they report to a supervising attorney. If a subordinate attorney has reported evidence of a material violation to a supervisory attorney and believes that the supervisory attorney has failed to comply with the reporting requirements, the subordinate attorney is permitted, but not obligated, to report the evidence “up the ladder.”