



# Proceedings

A monthly newsletter from McGraw-Hill Education



January 2019 Volume 10, Issue 6

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## *Dear Professor,*

Happy New Year, everyone! Welcome to McGraw-Hill Education's January 2019 issue of Proceedings, a newsletter designed specifically with you, the Business Law educator, in mind. Volume 10, Issue 6 of Proceedings incorporates "hot topics" in business law, video suggestions, an ethical dilemma, teaching tips, and a "chapter key" cross-referencing the January 2019 newsletter topics with the various McGraw-Hill Education business law textbooks.

You will find a wide range of topics/issues in this publication, including:

1. A civil lawsuit settlement involving sex offender Jeffrey Epstein;
2. A multimillion-dollar lawsuit against Hilton Worldwide, filed by a woman who claims that a Hilton employee filmed her in the shower and then attempted to extort her;
3. Johnson and Johnson's potential product liability for its talcum baby powder, which allegedly causes cancer;
4. Videos related to a) proposed changes to the United States' H1-B work visa program and b) an investigation of Deutsche Bank for alleged money laundering;
5. An "ethical dilemma" related to Royal Dutch Shell's decision to link executive pay to carbon emissions reduction targets; and
6. "Teaching tips" related to Video 1 ("Trump Administration Proposes Changes to Popular H-1B Program") of the newsletter.

Here's wishing all of you a safe, enjoyable, and prosperous 2019!

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## Of Special Interest

This section of the newsletter covers three (3) topics:

1) A civil lawsuit settlement involving sex offender Jeffrey Epstein;

2) A multimillion-dollar lawsuit against Hilton Worldwide, filed by a woman who claims that a Hilton employee filmed her in the shower and then attempted to extort her; and

3) Johnson and Johnson's potential product liability for its talcum baby powder, which allegedly causes cancer.

## Hot Topics in Business Law

### Article 1: "Millionaire Sex Offender Jeffrey Epstein Apologizes in Settling Malicious Prosecution Suit"

<https://www.cnn.com/2018/12/04/politics/jeffrey-epstein-lawsuit-settled/index.html>

*Note: In addition to the article, please also see the related videos included at the above-reference internet address.*

According to the article, multimillionaire Jeffrey Epstein, an alleged serial sex abuser of girls, settled a lawsuit recently, dodging the threat for now that several of his accusers would tell their stories in open court.

The case, which had been unfolding in Palm Beach County, Florida, Circuit Court for almost six years, ends a malicious prosecution counterclaim filed by attorney Bradley Edwards, who represented some of Epstein's accusers. Edwards filed the counterclaim after Epstein accused him and a now-disbarred attorney of wrongdoing in a civil lawsuit.

The settlement came as jury selection was set to begin. Expected to testify were at least seven alleged victims, law enforcement officers, former US attorneys and Epstein's former associates, said Michael Fisten, an investigator on Edwards' team.

The specifics of the settlement are confidential, but court records indicate Epstein issued an apology as part of the settlement. Epstein conceded in the apology that he tried to denigrate Edwards' reputation as a trial lawyer, Edwards said in a statement.

"The truth is that his aggressive investigation and litigation style was highly effective and therefore troublesome for me. The lawsuit I filed was my unreasonable attempt to damage his business reputation and stop Mr. Edwards from pursuing cases against me. It did not work," Epstein said in his apology, according to Edwards' statement.

The girls, many from poor backgrounds, were abused for years, Fisten said. The trial was one of two remaining opportunities for them to recount the alleged crimes against them publicly -- something that has never happened because the cases against Epstein have been settled, pleaded out or resulted in reduced charges.



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In Epstein's original lawsuit, he alleged that Edwards and Scott Rothstein, a former lawyer now serving time after pleading guilty in 2010 to crimes involving a massive Ponzi scheme, committed a series of crimes, including fraud and racketeering, to unearth information about Epstein and his business associates.

The purpose, Epstein alleged, was "to defraud investors and support extortionate demands for payment from Epstein," the complaint says.

Edwards fired back in his counterclaim that Epstein was pursuing a malicious prosecution.

"Epstein's primary purpose in both filing and continuing to prosecute each of the claims against Edwards was to inflict maximum economic burden on Edwards in having to defend against the spurious claims, to distract Edwards from the prosecution of claims against Epstein arising out of Epstein's serial abuse of minors, and ultimately to extort Edwards into abandoning the claims he was prosecuting against Edwards," the counterclaim alleges.

The media published a report recently saying that, when he was a U.S. attorney, Labor Secretary Alexander Acosta gave Epstein the "deal of a lifetime" despite a federal investigation identifying 36 underage victims of the hedge fund manager. The Herald said it found about 80 women Epstein allegedly molested or sexually abused over a five-year period.

The report said Acosta forged a deal with one of Epstein's attorneys in which the multimillionaire pleaded guilty to two state prostitution charges, ultimately serving only 13 months and avoiding a federal trial. The agreement, the media said, "essentially shut down an ongoing FBI probe" and further granted immunity to "any potential co-conspirators" in the case.

As part of the plea, Epstein registered as a sex offender and paid restitution to the victims identified by the FBI.

For Acosta, the settlement short-circuits a trial that could have proved embarrassing as accusers who feel they were denied justice by the plea agreement would have taken the stand to tell graphic stories of Epstein's alleged abuse.

Epstein's federal indictment, which was never made public because of the deal, will stay sealed, and no testimony will be heard from former US attorneys who could paint a clearer picture of the office culture that handed the plea deal to an alleged serial abuser.

The accusers will have one more shot at justice with a victims' rights lawsuit pending in federal court, which alleges the plea agreement didn't provide notice to the alleged victims as required by law.

They are hoping the judge vacates the plea agreement, which means the plea would no longer be valid and the current U.S. attorney could prosecute Epstein.

## Discussion Questions



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## 1. What is a counterclaim?

*When a plaintiff files a civil complaint against a defendant, the plaintiff is claiming that the defendant wrongfully harmed him or her, and that the plaintiff is therefore entitled to recover money damages from the defendant. In addition to filing an answer that might simply deny liability for the plaintiff's harm (and/or contend that the plaintiff did not experience harm), the defendant might file a counterclaim against the plaintiff. By way of the counterclaim, the defendant is claiming that the plaintiff wrongfully harmed him or her, and that the defendant is therefore entitled to recover money damages from the plaintiff. In the counterclaim, the defendant effectively becomes a plaintiff, and the plaintiff becomes a defendant.*

## 2. What is malicious prosecution?

*Malicious prosecution is a common law intentional tort. Its elements include: a) intentionally (and maliciously) instituting and pursuing (or causing to be instituted or pursued) a legal action (civil or criminal) that is b) brought without just cause and c) dismissed in favor of the victim of the malicious prosecution. Essentially, the plaintiff's claim is meritless, and the plaintiff knows or has reason to know that his or her claim is meritless.*

## 3. In your reasoned opinion, does the victims' rights lawsuit pending in federal court have merit? Why or why not?

*This is an opinion question, so student responses may vary. As the article indicates, Epstein's accusers are alleging that the plea agreement did not provide them notice as required by law; in other words, they are claiming that their due process rights were violated. If the plea agreement indeed violated the law, the judge will likely overturn it.*

### **Article 2: "Hilton Sued by Woman Who Says Hotel Employee Filmed Her in the Shower, Extorted Her"**

<https://www.usatoday.com/story/travel/hotels/2018/12/05/hilton-sued-woman-hotel-employee-filmed-her-shower-extortion/2213909002/>

*Note: In addition to the article, please also see the related video included at the above-reference internet address.*

According to the article, a Chicago woman has filed a \$100 million lawsuit against Hilton Worldwide, alleging that one of the hotel conglomerate's employees filmed her in the shower without her knowledge and later attempted to extort her over the footage.

She's accusing the hotel chain of negligence, saying it allowed the suspect, who has not yet been precisely identified, access to her personal information.



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The woman, who wished to remain anonymous, said the hidden-camera recording took place during her July 2015 stay at the Hampton Inn and Suites in Albany. However, she says she was not aware of the tape's existence until September of this year when she received an email with a link to a porn site.

The same day, she received another email from the same address demanding she provide more nude footage of herself if she didn't want the video published along with her name and job information.

"My initial reaction was, 'Your life is absolutely ruined, people are going to see this, they are going to see you naked and they are going to assume things,' " she said.

According to the media, the lawsuit quoted some of the emails from the blackmailer, who allegedly wrote, "I'm a perv. I don't hurt anyone. I like to watch. No need to worry about me. I just like to watch and then I move on to the next. Promise me my own show. That's the hottest. No need to show your face. Then I disappear and remove the videos forever before they get copied on every website."

When she didn't comply, the video was circulated to some of her colleagues along with a new demand: \$2,000 up front and \$1,000 a month for the following year.

"It was just absolutely traumatizing because these are people I went to law school with," she recalled. "They're friends, they're coworkers. And they were sent a link to what looks like an email I sent."

Since then, the woman told the morning show that she's had to search online for the video to request its removal. She estimates it's been posted on at least a dozen sites.

She says that every time he republished it, he posted her full name, humiliating her all over again. "It's sadistic, and it's designed to terrorize me and force me into a place where I feel like I have to give into his demands and give him more photos or give him money. He did this so that whenever someone googles me, they're going to see this."

The story also noted that the woman believes she wasn't the only guest recorded in that room. In a statement, Hilton said the company was not aware of the alleged breach of privacy until this recently.

"On Monday, December 3rd, we were alerted by ABC News to details of an alleged incident at the Hampton Inn and Suites Albany-Downtown in 2015," it read. "We take the safety and well-being of our guests incredibly seriously, and find the details included in the civil filing distressing. We commit to supporting the independent ownership and management of the property as they investigate, respond, and cooperate with any law enforcement investigations."

In a recent statement, a representative for the Albany Hampton Inn and Suites said they planned to work with law enforcement to find and punish the suspect but noted no evidence had been discovered yet.



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"We were shocked and stunned to learn of the allegations raised in the complaint," it said. "The safety and security of our guests is our highest priority, and we emphatically do not condone any form of this type of invasion of privacy. Thus far, no evidence of any kind has been found during our initial review of the situation."

The statement also noted that "recently, the hotel underwent a complete renovation. During that process, no recording devices of any kind were uncovered. We will continue to work with the authorities to discover the perpetrator and see that s/he is held accountable."

## Discussion Questions

1. Define negligence.

*Negligence is defined as the failure to do what a reasonable person would do under the same or similar circumstances. In order to prevail in a negligence case, the plaintiff must prove, by the greater weight of the evidence, that: a) the defendant owed the plaintiff a duty of care; b) the defendant breached the duty of care; c) the defendant caused the plaintiff harm; and d) the plaintiff experience damages (economic and/or physical) as a result.*

2. In your reasoned opinion, should an employer be liable for the criminal action(s) of an employee committed without the direction, knowledge or approval of the employer? Why or why not?

*This is an opinion question, so student responses may vary. By common law, an employer is liable for the criminal act of an employee even if the crime was committed without the direction, knowledge or approval of the employer, if the employer failed to appropriately monitor the employee. In such a situation, the aggrieved party's claim would be based on negligence (See the definition of negligence in response to Article 2, Discussion Question 1).*

3. As the article indicates, the plaintiff is claiming \$100 million in damages from the defendant in this case. Comment on the propriety or impropriety of this request.

*The plaintiff must make a civil claim for damages in good faith, and must prove, by the greater weight of the evidence, the legitimacy of such a claim. In the subject case, even though the nature of the damages are not specified (for example, compensatory damages versus punitive damages), your author surmises that the bulk of the plaintiff's damages request is in the form of punitive damages. Punitive damages are designed to punish a defendant for clearly egregious behavior that would "shock the conscience" of a reasonable person. Punitive damages are not compensatory damages designed to pay the plaintiff for his or her loss; instead, they are specifically designed to "send a message" to the defendant that egregious actions will not be tolerated. The amount of punitive damages are typically related to the nature of the defendant corporation's wrongful act, as well as the size, income, and profitability of the defendant. In the subject case, to recover punitive damages, the plaintiff must prove that the defendant Hilton Worldwide's failure to monitor the employee to prevent such filming was egregious.*



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## Article 3: “Johnson & Johnson Stock Price Tumbles after Report of Asbestos in Its Talcum Baby Powder”

<https://www.usatoday.com/story/money/2018/12/14/johnson-johnson-stock-price-tumbles-asbestos-baby-powder-report/2311229002/>

According to the article, Johnson & Johnson shares tumbled about 10 percent recently following a Reuters report that claimed the company knew its talcum baby powder contained asbestos for decades.

Reuters examined documents, deposition and trial testimonies that showed Johnson & Johnson company executives, mine managers, scientists, doctors and lawyers knew – at least from 1971 through the early 2000s – that the company's raw talc tested positive for small amounts of asbestos, but failed to tell regulators or the public.

About 11,700 plaintiffs have filed suit against Johnson & Johnson, claiming its talc product caused their cancers. That includes thousands of women with ovarian cancer. Scientists have long linked asbestos to mesothelioma, which is associated with ovarian and other cancers.

Earlier this year, courts in New Jersey and California awarded damages to plaintiffs who claimed Johnson & Johnson talc products tainted with asbestos caused their mesothelioma. In July, \$4.7 billion was awarded in total damages to 22 women in St. Louis who said asbestos in Johnson & Johnson talc powder contributed to their ovarian cancer.

Johnson & Johnson has consistently maintained its talc is safe.

“Plaintiffs’ attorneys out for personal financial gain are distorting historical documents and intentionally creating confusion in the courtroom and in the media,” Ernie Knewitz, Johnson & Johnson’s vice president of global media relations, wrote in an email to Reuters. “This is all a calculated attempt to distract from the fact that thousands of independent tests prove our talc does not contain asbestos or cause cancer. Any suggestion that Johnson & Johnson knew or hid information about the safety of talc is false.”

Johnson & Johnson turned over thousands of documents in court proceedings — but most have been designated as confidential, shielding them from the public.

### Discussion Questions

1. What specifically must a plaintiff prove in order to recover damages for product liability?

*In a jurisdiction (state) that recognizes strict product liability, the plaintiff must only prove, by the greater weight of the evidence, that: a) the product the defendant introduced into commerce was defective; and b) the plaintiff was harmed (economically, physically, or both) as a result. In a jurisdiction that does not recognize strict product liability, the plaintiff must also prove that the defect was the defendant’s fault (for example, the defendant negligently manufactured the product).*



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2. As the article indicates, in July 2018, \$4.7 billion was awarded in total damages to 22 women in St. Louis, Missouri who said asbestos in Johnson & Johnson talc powder contributed to their ovarian cancer. In order to prevail in such a case, what is the plaintiff's burden of proof regarding liability? What is the plaintiff's burden of proof regarding damages?

*In order to prevail in a civil case, the plaintiff must prove, by the greater weight of the evidence, that the defendant wrongfully (intentionally, negligently, recklessly, etc.) caused the plaintiff harm. As part of his or her burden of proof, the plaintiff must prove both fault and damages. The "greater weight of the evidence" burden of proof in a civil case is substantially lower than the burden of proof in a criminal case (in a criminal case, the prosecution must prove beyond reasonable doubt that the defendant committed a crime—part of the prosecution's burden of proof is to establish, by way of evidence, every element of the crime alleged, as defined by state and/or federal law).*

3. In your reasoned opinion, does the St. Louis, Missouri case—and any other pending or future litigation against Johnson & Johnson for talcum powder liability—illustrate the need for tort "reform" in the United States justice system? More specifically, does this article indicate the need to cap the amount of damages recoverable by a plaintiff in a product liability case? Explain your response.

*This is an opinion question, so student responses may vary.*





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## Video Suggestions

### Video 1: “Trump Administration Proposes Changes to Popular H-1B Program”

<https://www.cnn.com/2018/11/30/tech/dhs-h1b-merit-proposal/index.html>

*Note: In addition to the video, please also see the following article included at the above-referenced internet address:*

#### “Trump Administration Proposes Changes to Popular H-1B Program”

According to the article, the Trump administration wants to reform a popular American work visa program.

The Department of Homeland Security released a proposal recently that would increase the number of H-1B visa recipients who have master's degrees or higher level degrees and would move the registration process online.

The government has been working to crack down on the H-1B program — a result of President Donald Trump's direction that agencies implement a "Buy American, Hire American" strategy.

The H-1B visa is a work visa that's valid for three years and can be renewed for another three years. Many companies use H-1B visas to help fill their workforces. But tech is the sector most commonly associated with H-1Bs. Tech firms big and small say they need the H-1B program to hire trained talent that they can't find at home.

65,000 H-1B visas are granted annually, with another 20,000 reserved just for people who hold advanced degrees from US higher education institutions. Demand for the visa often exceeds the supply, triggering a lottery system.

The proposed rule would change the selection process so that all registrations — including those from people who are eligible for the advanced degree exemption — are applied to the regular cap of 65,000 first. After that, US Citizenship and Immigration Services would select from the remaining to fill the degree cap.

The agency says this new process could increase the number of H-1B holders who have advanced degrees by up to 16% — ensuring that "more of the best and brightest workers from around the world come to America" under the program, said USCIS spokesperson Michael Bars.



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The proposal also includes plans to modernize the registration process by moving it online. That would cost the government nearly \$280,000 to develop in the first year, and an estimated \$200,000 in fees in each subsequent year.

USCIS says that part of the rule would decrease costs for applicants by cutting down on paperwork, making the process more efficient for the government.

"The cost signals that the new system will be complex and comprehensive," said immigration attorney Tahmina Watson of Watson Immigration Law.

She said she was concerned about whether the government is rushing to put out the new system before it is ready.

It's unclear whether the system would be ready in time for the spring, which is when H-1B registrations are due.

The public can weigh in on the proposed rule December 3, 2018 through January 2, 2019.

## Discussion Questions

1. Describe the H-1B program.

*As the article indicates, The H-1B visa is a work visa that is valid for three years and can be renewed for another three years. Many companies use H-1B visas to help fill their workforces. Technology is the employment sector most commonly associated with H-1Bs. Both large and small technology firms claim that they need the H-1B program to hire trained talent they cannot find at home.*

2. Discuss the proposed changes to the H-1B program. In your reasoned opinion, would the proposed changes result in improvement to the program? Why or why not?

*This is an opinion question, so student responses may vary.*

3. As the article indicates, the public can comment on the proposed H-1B rule December 3, 2018 through January 2, 2019. What is the purpose of the "public comment" period? In your reasoned opinion, does the public comment period have import and relevance? Is it necessary? Explain your response.

*Administrative agencies, like the Department of Homeland Security, are typically required to allow the public to review proposed administrative rule changes and lend input regarding such changes through a "public comment" period. Obviously, the public comment period only has import and relevance if the subject administrative agency considers public reaction, advice and recommendations in good faith.*

## **Video 2: "What We Know About the Case behind the Deutsche Bank Raids"**



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<https://www.bloomberg.com/news/articles/2018-12-03/what-we-know-about-the-case-behind-the-deutsche-bank-raids>

*Note: In addition to the video, please also see the following article included at the above-referenced internet address:*

## **“What We Know About the Case behind the Deutsche Bank Raids”**

According to the article, Deutsche Bank AG is back at the heart of a scandal.

Recently, 170 law enforcement officials descended on the lender to raid it in connection with suspected money laundering. The pictures of police cars with flashing lights lined up in front of the bank’s Frankfurt headquarters sent the share price to a record low as investors considered the possibility of new distractions for top management and the potential of fines. Here’s what we know so far.

Frankfurt prosecutors, who are in charge of the investigation, allege that Deutsche Bank helped clients set up companies in tax havens, and that it failed to report evidence to authorities that clients used its accounts to transfer money from illicit sources. The allegations target the period from 2013 to 2018, according to a statement published by Deutsche Bank. The prosecutors’ case is based on an assessment of a large trove of documents, commonly known as the Panama Papers, which were leaked to the press in 2015 and first reported on in 2016.

The investigation targets two Deutsche Bank employees, only identified as being aged 50 and 46, as well as others whose identity is as yet unknown, according to the prosecutors’ statement. One of the two suspects works in the bank’s anti-financial crime unit, the other one in the private wealth division, a person familiar has said. No current or former board members are among the suspects, the bank said on November 30. Chief Executive Officer Christian Sewing said in a recent interview with a German newspaper that the bank had investigated the issues raised by the Panama Papers in cooperation with its supervisors and had assumed the matter was closed.

Back in 2016, Deutsche Bank severed ties with a Cypriot lender named in the Panama Papers and which was identified in a media report as arranging as much as \$2 billion in offshore transactions linked to associates of Russian President Vladimir Putin. That year, Deutsche Bank was among more than a dozen foreign banks ordered by New York’s banking regulator to turn over information about their contact with a Panamanian law firm that helped register tens of thousands of shell companies. The banks weren’t accused of wrongdoing.

The Deutsche Bank unit at the center of last week’s raids was called Deutsche Bank Global Trust Solutions, part of the lender’s private wealth business. It had a British Virgin Islands subsidiary called Regula Limited. Prosecutors say a Deutsche Bank business there had more than 900 clients and assets under management of 311 million euros (\$353 million) in 2016.

Deutsche Bank sold the GTS business to Bahamas-based Bank of N.T. Butterfield & Son Ltd. in March this year. Deutsche Bank’s global head of wealth management Fabrizio Campelli said at the



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time of the sale that the move was a step in simplifying the business and represented a focus on its core markets such as Asia, the U.S. and the U.K. Financial terms of the deal weren't disclosed.

At best, it's another hit to morale for the bank and an unwelcome distraction for its CEO. Just a day before the raids, Sewing gave a pep talk to an annual executive gathering that several described as upbeat. But images of dozens of police cars in front of the bank's offices quickly sapped any optimism and pushed the share price briefly below 8 euros for the first time.

At worst, it could expose the bank to a heavy fine and other regulatory punishments, and even put some executives at risk of litigation. As yet, there's no indication that will happen. A review of the Panama Papers showed that the 11 German banks probed had "largely" complied with existing money laundering rules, Felix Hufeld, the head of the German financial regulator Bafin, said in January.

Prosecutors have said they've made "very rapid and very good progress" during the raids and Deutsche Bank has said it's cooperating "comprehensively." Prosecutors are scheduled to meet with Deutsche Bank's lawyers Friday for talks over their initial findings and whether more information will be needed. Still, the review of the papers collected in the raids could take several months.

The next thing to watch is the fallout for Deutsche Bank's management board. The lender, which has also drawn scrutiny in recent weeks for its role in a dirty money scandal at Danske Bank A/S, was considering replacing Chief Regulatory Officer Sylvie Matherat even before the latest developments. It has long been in the spotlight for deficiencies in money laundering controls -- which fall into a unit ultimately headed by Matherat -- and the raids certainly don't help.

## Discussion Questions:

1. What is money laundering?

*Money laundering is defined as the concealment of the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses.*

2. Why is money laundering a crime?

*In laundering money, the financial institution involved may be serving as an accessory-after-the-fact in terms of concealing the illegally-obtained money. Money laundering also likely involves tax evasion.*

3. The article refers to a law enforcement "raid" on Deutsche Bank. In your reasoned opinion, is that a fair and accurate use of the word? In the United States, are corporations entitled to Fourth Amendment (to the United States Constitution) protection? If so, what specifically is that protection?

*One definition of raid is "a surprise attack to commit a crime, especially to steal from business premises." An alternate definition is to "quickly and illicitly take something from a place." The point here is that although the term raid can have a negative connotation, if law enforcement was*



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*conducting a lawful search consistent with a validly-obtained search warrant, it was doing what it was legally entitled and obligated to do. In the United States, corporations are entitled to Fourth Amendment protection, but the Fourth Amendment would not prohibit law enforcement from legally obtaining a search warrant (pursuant to “probable cause” evidence demonstrated to a judge) and executing the warrant.*



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## Of Special Interest

This section of the newsletter addresses Royal Dutch Shell's decision to link executive pay to carbon emissions reduction targets.

## Ethical Dilemma

### “Shell Is First Energy Company to Link Executive Pay and Carbon Emissions”

<https://www.cnn.com/2018/12/03/business/shell-climate-change-executive-pay/index.html>

According to the article, Royal Dutch Shell is giving its executives a powerful new reason to care about the environment.

The Anglo-Dutch energy firm said recently that it will establish short-term carbon emissions targets starting in 2020 after coming under pressure from investors. In an industry first, it plans to link executive pay to hitting the targets.

Major shareholders including the Church of England and Robeco have demanded that Shell do more to tackle emissions. They say its earlier goal of cutting carbon emissions by half by 2050 did not go far enough.

Shell said in a statement that it would set carbon reduction goals that cover periods of three to five years. The targets will be set on an annual basis, and run to 2050.

The oil company did not set out specific carbon benchmarks. And it said that shareholders would not vote on changes to executive remuneration until 2020.

Climate Action 100+, a group of 310 investors with over \$32 trillion in assets under management, said in a joint statement with Shell that it strongly supported the company in taking "these important steps."

Shell made the announcement as the United Nations' annual talks on climate change got underway in Poland.

Shell said it would be the first major energy company to link executive compensation and carbon goals. Crucially, it's committing to cut emissions generated by both its activities and the products it sells.

"That Shell has now embedded its ambition in its remuneration policy offers confidence that Shell is really committed to it," said Corien Wortmann, chair of the pension fund ABP.



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Moves by major corporations to reduce carbon emissions should help governments meet targets established under the Paris Climate Agreement, which seeks to keep rises in global temperatures below 2 degrees Celsius.

The UN Intergovernmental Panel on Climate Change warned in October that the planet will reach the crucial threshold of 1.5 degrees Celsius by as early as 2030, precipitating the risk of extreme drought, wildfires, floods and food shortages for hundreds of millions of people. It said companies and governments must act faster.

Emma Howard Boyd, chair of the UK Environment Agency, praised Shell on Monday for moving to set short-term targets.

"We hope that this unique joint statement between institutional investors and an oil and gas major, will inspire other leaders to take bold action," she said in a statement. "We would encourage the rest of the sector to follow Shell's lead."

Shell announced in 2016 that it would link greenhouse gas emissions to executive compensation. It isn't the only Big Oil company to come under pressure from investors over the environment. Last year, US-based ExxonMobil agreed to reveal the risks it faces from climate change and the global crackdown on carbon emissions.

## Discussion Questions

1. As the article indicates, Royal Dutch Shell will establish short-term carbon emissions targets starting in 2020 after coming under pressure from investors. Does it surprise you that investors are making such a demand? Why or why not?

*This may sound unusual to some students, since they might believe that carbon emissions reduction targets interfere with corporate profitability, and that investors (who want a return on their investment) would therefore oppose such restrictions. However, some students may not consider this surprising, since: a) corporations have an ethical responsibility to be a good "corporate citizen," even if fulfilling such a responsibility might reduce profitability; and b) in the long-term, focusing on other forms of energy (solar, wind, nuclear, etc.) might actually increase long-term profitability.*

2. Comment on Royal Dutch Shell's plan to link executive pay to the achievement of carbon emissions targets.

*This is essentially an opinion question, so student responses may vary.*

3. In your reasoned opinion, which is the most preferable option in terms of carbon emissions: a) the government mandating that energy companies like Royal Dutch Shell comply with heightened carbon emissions targets established by the government; b) energy companies like Royal Dutch Shell establishing their own heightened carbon emissions targets and methods to ensure reaching such targets; or c) doing nothing other than complying with existing regulatory standards established by individual countries? Explain your response.



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*This is an opinion question, so student responses will likely vary.*





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## Of Special Interest

This section of the newsletter will assist you in addressing Video 1 (“Trump Administration Proposes Changes to Popular H-1B Program”) of the newsletter.

## Teaching Tips

### **Teaching Tip 1 (Related to Video 1—“Trump Administration Proposes Changes to Popular H-1B Program”): “United States Department of Labor Wage and Hour Division (WHD): H-1B Program”**

For the United States Department of Labor’s description of the H-1B Program, please see the following internet address:

<https://www.dol.gov/whd/immigration/h1b.htm>

### **Teaching Tip 2 (Related to Video 1—“Trump Administration Proposes Changes to Popular H-1B Program”): “The H-1B Visa Program: A Primer on the Program and Its Impact on Jobs, Wages, and the Economy”**

For further description of the H-1B Program, please see an article from the American Immigration Council at the following internet address:

<https://www.americanimmigrationcouncil.org/research/h1b-visa-program-fact-sheet>



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## Chapter Key for McGraw-Hill Education Business Law Texts:

	Hot Topics	Video Suggestions	Ethical Dilemma	Teaching Tips
<b>Barnes et al., Law for Business</b>	Chapters 5, 6, 7 and 20	Chapter 5	Chapter 3	N/A
<b>Bennett-Alexander &amp; Hartman, Employment Law for Business</b>	N/A	N/A	N/A	N/A
<b>Kubasek et al., Dynamic Business Law</b>	Chapters 7, 8, 9 and 10	Chapter 7	Chapter 2	N/A
<b>Kubasek et al., Dynamic Business Law: The Essentials</b>	Chapters 6 and 7	Chapter 6	Chapter 2	N/A
<b>Liuzzo, Essentials of Business Law</b>	Chapters 3, 4 and 34	Chapter 3	Chapter 2	N/A
<b>Langvardt et al., Business Law: The Ethical, Global, and E-Commerce Environment</b>	Chapters 5, 6, 7 and 20	Chapter 5	Chapter 4	N/A
<b>McAdams et al., Law, Business &amp; Society</b>	Chapters 4 and 7	Chapters 4 and 12	Chapter 2	Chapter 12
<b>Melvin, The Legal Environment of Business: A Managerial Approach</b>	Chapters 9 and 22	Chapter 22	Chapter 5	N/A
<b>Pagnattaro et al., The Legal and Regulatory Environment of Business</b>	Chapters 10 and 13	Chapter 13	Chapter 2	N/A
<b>Sukys, Brown, Business Law with UCC Applications</b>	Chapters 5 and 6	Chapter 5	Chapter 1	N/A



# Proceedings

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## This Newsletter Supports the Following Business Law Texts:

- Barnes et al., Law for Business, 13<sup>th</sup> Edition ©2018 (1259722325)
- Bennett-Alexander et al., Employment Law for Business, 9<sup>th</sup> Edition ©2019 (1259722333)
- Kubasek et al., Dynamic Business Law, 4<sup>th</sup> Edition ©2017 (1259723585) *New edition available for Summer/Fall 2019 use*
- Kubasek et al., Dynamic Business Law: The Essentials, 4<sup>th</sup> Edition ©2019 (125991710X)
- Liuzzo, Essentials of Business Law, 10<sup>th</sup> Edition ©2019 (1259917134)
- Langvardt (formerly Mallor) et al., Business Law: The Ethical, Global, and E-Commerce Environment, 17<sup>th</sup> Edition ©2019 (1259917118)
- McAdams et al., Law, Business & Society, 12<sup>th</sup> Edition ©2018 (1259721884)
- Melvin, The Legal Environment of Business: A Managerial Approach, 3<sup>rd</sup> edition ©2018 (1259686205)
- Pagnattaro et al., The Legal and Regulatory Environment of Business, 18<sup>th</sup> Edition ©2019 (1259917126)
- Sukys (formerly Brown/Sukys), Business Law with UCC Applications, 14<sup>th</sup> Edition ©2017 (0077733738) *New edition available for Summer/Fall 2019 use*

