

and is publicly traded on the NYSE under the ticker symbol MMC. In 2008, MMC established a Government Relations initiative, and shortly thereafter established MMCPAC.

B. The MMCPAC

In mid-2008, the Company instituted its first ever Government Relations program as a means to share intellectual content and engage with policymakers on issues that affect the Company and its clients. At the outset of this effort, MMC committed to conduct it in accordance with its code of ethics and to put in place an appropriate compliance process so that the Company conducted itself in accordance with applicable law and best practices. That same year, on November 12, MMC established MMCPAC. Prior to this time, MMC had not maintained any political action committee or separate segregated funds. Consistent with MMC's existing regulatory compliance programs, MMC established, with the assistance of outside regulatory counsel, a series of compliance processes, operating guidelines, and internal and external review protocols to manage compliance with applicable law and Commission regulations. MMCPAC is administered by an internal team that consists of MMC's Treasurer, Assistant Treasurer and Government Relations staff, and has had compliance support from MMC's Accounts Payable function, Human Resources team, and Compliance and Legal groups. This effort was designed and closely monitored by the Company's Chief Corporate Compliance Officer.

In May 2009, MMCPAC made its first solicitation to a select group of MMC employees who qualified as members of MMC's restricted class. Subsequently, MMCPAC solicited members of the MMC restricted class in May 2010, May 2011, April 2012, April 2013, July 2012, and July 2013. (See Attachment #1, which displays blank PAC contribution forms for 2009 through 2013.) Prior to each solicitation, MMC Government Relations staff worked with MMC's Human Resources team to create a list of potential eligible MMC employees to whom the MMCPAC solicitation would be sent. Only MMC employees who resided and worked in the US were included on those lists for consideration.

For the 2009, 2010, and 2011 MMCPAC solicitations, MMC's Government Relations staff reviewed these lists of US MMC employees for eligibility purposes. In several cases where questions arose, Government Relations staff confirmed the US citizenship, permanent resident, or green card status of potential PAC contributors with the Human Resources team.

As MMCPAC and the number of MMC employees solicited by the PAC grew larger, the PAC implemented additional, rigorous safeguards to the solicitation process in 2012. First, MMCPAC for the first time implemented an online contribution option for MMC employees to access via an intracompany website. Before the website would accept and process any PAC contributions, MMC employees using this option were required to confirm their status as US citizens, permanent residents, or green card holders by checking a box on the intrasite webpage. (See Attachment #2, which includes several screenshots of the online PAC portal.) In addition, MMCPAC amended its manual contribution card by adding a section which similarly required MMC employees who chose to contribute using this option to check a box on the card confirming their status as US citizens, permanent residents, or green card holders.

II. Identification of Improper Contributions to the MMCPAC

In January 2014, an MMC employee (Alex Moczarski) who had made annual \$5,000 contributions to the PAC during the four years between 2010 and 2013 expressed uncertainty about his eligibility to contribute to the PAC in a conversation with a member of MMC's Government Relations staff. The Government Relations staff immediately raised the issue with representatives of MMC's Human Resources team.

On January 14, 2014, a Human Resources representative informed the Government Relations staff that Mr. Moczarski, who works in MMC's New York, New York office and maintains a residence in New York, held an L-1A visa during the relevant time period (2010-2013). After a thorough internal discussion and consultation with outside regulatory counsel, MMCPAC determined that Mr. Moczarski was ineligible to contribute to the PAC because he is not currently a US citizen, permanent resident, or green card holder (a violation of 2 U.S.C. § 441e). Accordingly, on February 6, 2014, MMCPAC issued a refund check in the amount of \$20,000 made payable to Mr. Moczarski to return his contributions by February 14, 2014.

As a result of the discovery of the improper contributions, MMC immediately determined that it would conduct a review of the matter. In consultation with outside regulatory counsel, MMC in-house legal counsel began a review of the matter and the PAC's compliance with federal election law and regulations with the assistance of MMC's Government Relations staff and Human Resources team.

III. Scope of Review

The goals of the review were: (1) to determine whether any other eligibility issues existed with respect to the 462 individual MMC employees who contributed to MMCPAC from the time of its first solicitation (2009) through the time of its last solicitation (2013); and (2) to implement PAC solicitation and contribution process improvements to mitigate the possibility of any recurrences of this issue going forward.

IV. Findings of Review

MMCPAC has determined with a high degree of confidence that Mr. Moczarski is the only one of the 462 individual PAC contributors that was ineligible at the time of his contributions to the PAC. This determination is based on a diligence process that included, among other steps, confirmation of US citizenship eligibility status through review of the I9 forms completed by the contributors when possible.

The diligence process also included a confirmation from MMC's outside immigration counsel that, during the relevant time period, it worked with no MMC employees who contributed to the PAC other than Mr. Moczarski (with one exception, which was to assist another employee gain a green card in 2009, prior to the time he contributed to the PAC in 2012). Had any other such MMC employees applied for a green card or visa, the normal and expected course would be for them to work with MMC's outside immigration counsel. Accordingly, the fact that none of them did so provided additional comfort.

Although a solicitation diligence process was in place during the relevant time period, Mr. Moczarski's ineligibility to contribute to MMCPAC was not detected earlier because: (1) he lives and works in the US and so appeared on the potential list of solicitable colleagues created by Human Resources; (2) he gave via the manual contribution card and the US citizenship/green card status box on his 2012 card was mistakenly checked; and (3) the fact that the same box was not checked on his 2013 contribution card went unnoticed. This is a first-time issue for MMCPAC, resulting from a combination of human and process errors that have been addressed through the process improvements described below.

V. Corrective Actions Taken by MMC and MMCPAC

As described above, MMC and MMCPAC devoted substantial time and resources to identifying and correcting the error. The key actions taken by MMC and MMCPAC to strengthen the PAC's solicitation and contribution process include the following:

- enhanced screening of MMC colleagues when creating a list for potential PAC solicitations;
- confirmation of immigration status for any colleagues who elect to contribute to the PAC to confirm their eligibility definitively before the PAC can accept any contributions from them;
- adoption of a requirement that at least two people review all manual contribution forms to confirm that all donors have checked the eligibility box;
- enhancement of the solicitation process to encourage online contributions, which will systematically check eligibility;
- introduction of a revamped 2014 contribution form (See Attachment #3) to feature the eligibility box more prominently; and
- implementation of a regular cycle audit (every two years) focusing on reconciliation, policy review and targeted eligibility checks.

VI. Issue Analysis

MMCPAC is required to abide by Commission regulations governing the acceptance of contributions. The PAC may not accept contributions from persons who are prohibited by law from making contributions. 11 C.F.R. § 114.2(d). This includes contributions from foreign nationals, which are prohibited. 2 U.S.C. § 441e.

MMCPAC inadvertently permitted an ineligible individual to contribute to the PAC due to a combination of human and process errors. MMCPAC has addressed the potential for future errors of this kind through various process improvements, such as enhanced employee screening, definitive confirmation of immigration status, an enhanced solicitation process, and revamping the contribution form for all future solicitations.

