enfoque latino es el boletín trimestral preparado por los abogados que integran la práctica de negocios Hispano-Latina de Sheppard Mullin. Cada trimestre nuestros abogados bilingües y biculturales publicaran un boletín sobre temas legales y comerciales de interés a nuestra clientela Latina.

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enfoque Latino NEWSLETTER

In this Issue . . .

With New Legislation California Corporations Enter Cyberspace

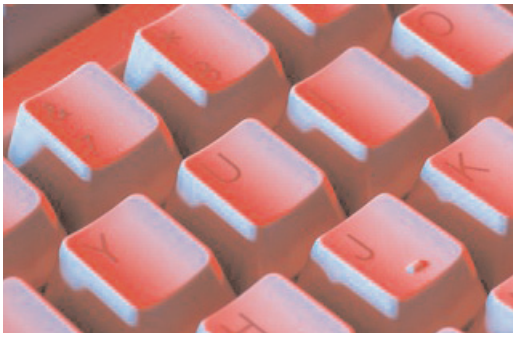
California corporations, limited liability companies and partnerships are now able to use expanded forms of electronic communications and electronic data storage in corporate governance activities. In the State's effort to bring these entities up to speed

with the technological advancements of the last 20 years, Governor Schwarzenegger recently signed into law SB 1306 which amends, effective January 1, 2005, certain portions of the California Corporations Code. Under prior law, corporations were specifically permitted to use facsimile transmissions in the delivery of voting proxies, hold board meetings through video and teleconference, and provide notices of board meetings through facsimile, telephonic and email transmissions. The new law expands upon the types of permitted electronic communications.

With the authorization of expanded electronic media, corporations will have greater flexibility in managing their corporate governance. First, a California corporation (and its shareholders, directors and officers) can now use electronic communications to (1) send notices to and receive notices from directors and shareholders, (2) convene director and shareholder meetings, and (3) solicit and receive written consents. Second, corporations will be able to maintain corporate records, such as minute books and bylaws, in an electronic form without retaining current hard copies.

Although these advantages may be appealing, corporations need to be mindful of the requirements for delivering notices electronically. These requirements include obtaining consent from the recipient to the use of such electronic transmissions, reasonable measures to verify that the sender is the shareholder or director purporting to send the transmission, and that the electronic transmission creates a record that can be converted into a clearly legible tangible form (e.g., printed). Notices posted on websites also require the corporation to designate such website for the purpose of corporate communications and accompany each posting with a separate notice to the intended recipients. If consent is not obtained, notices shall continue to be given personally, or by first class mail or as otherwise permitted under the Code.

Directors previously had the flexibility to attend board meetings through video or telephone conference. A director is considered present through the use of such technology if all of the participants are able to hear one another. The new law expands the forums for holding meetings so that directors will be allowed to participate in board meetings through other electronic means, which do not require the board members to hear one another. The law is not specific on what means are intended, but this may include a forum such as a live webcast, instant messaging, or some other internet platform to be developed in the future. The use of such other electronic means, however, requires the board to adopt additional measures to ensure equal participation. If a corporation uses means other than video or telephone conference, persons are deemed present in person at a meeting only if all members participating can communicate with all other members concurrently and each can participate in all matters before the board, including being able to propose or object to an action to be taken by the board.



The new law also opens the door for broad sweeping changes to the way in which shareholder meetings may be held. Corporations must currently hold shareholder meetings in a physical location and each shareholder, in order to vote, needs to either be present in person or through a proxy. Under the new law, however, with respect to those shareholders who consent to the use of the electronic forum, meetings of shareholders may be conducted, in whole or in part, by electronic transmission by and to the corporation or by electronic video screen communication. Before a corporation can conduct such a meeting, the corporation must adopt reasonable measures enabling shareholders to have the opportunity to participate and vote on matters submitted to the shareholders. Also, procedures must be in place to establish the authenticity of the attending shareholders, and to record the participation of such shareholders. Although new to California, some California-based corporations incorporated in Delaware have abandoned the use of traditional shareholder meetings and turned to the internet to reach their shareholders on the basis that such meetings reduce costs and make it easier for shareholders to attend. On the other hand, after some attempts to use this new technology, due in part to shareholders' concerns, many companies have backed away from such practice. Accordingly, in adopting the new law, the legislature made it clear that a meeting of a corporation shall include a physical location unless all of the shareholders consent to a meeting by electronic transmission.

The new law not only affects the giving of notices and holding of meetings, it also modifies the way in which a corporation may solicit and receive consents and retain records. Corporations are now able to solicit and receive consents of the board of directors and shareholders alike through electronic communication. With the availability of e-mail and the prevalent use by most, if not all, corporations, this is a welcome change. In addition to the solicitation and making of such consents, corporations will have the ability to retain corporate documents such as bylaws, minutes of meetings and adopted resolutions in electronic form so long as such are capable of being converted into clearly legible paper form. Any of these records shall carry the same weight as hard copies to evidence their adoption. In addition to providing electronic notices, corporations may also use electronic means to deliver annual reports to shareholders. Public companies incorporated in Delaware, for instance, use their website to provide annual reports to shareholders.

In deciding whether the use of the new forms of electronic communications are right for your company, it is important to note that the new law applies to for profit, non-profit and special purpose corporations, and to partnerships and limited liability companies. Please also keep in mind the restrictions on such use, including the shareholder and director consent requirements and other ongoing self monitoring requirements.

For more information about SB1306 contact Jerry Gumpel at jgumpel@sheppardmullin.com or Mark Watkins at mwatkins@sheppardmullin.com.

Mexican Candy Manufacturers and Distributors Under Fire for Allegedly Violating California's Proposition 65 and B&P Code Section 17200

More than 30 Mexican candy manufacturers and distributors face a lawsuit brought by California's Attorney General (AG) Bill Lockyer for allegedly selling and importing candy with toxic levels of lead (*People v. Alpro Alimentos Proteinicos, et al. (LA Sup. Ct. 318207)*). The action claims that state tests show the candy and/or the candy wrappers contain toxic lead levels. The AG brought suit against 32 Mexican manufacturers for violating Proposition 65 and Business and Professions Code (B&P) Section 17200.

Three additional lawsuits were also brought against the candy manufacturers and distributors by private parties on the same grounds. The first private action was filed by the Center for Environmental Health the same day as the AG suit in July, 2004. The second suit was filed by the Environmental Health Coalition in September, 2004. The third suit has yet to be filed but the 60-day notice letter, as required under Proposition 65, was posted on September 3, 2004 by the Center for Environmental Health. While most defendants are located in Mexico, the third suit names additional parties, including candy manufacturers headquartered in the United States. The number of lawsuits continues to grow and reaches defendants on both sides of the U.S./Mexico border.

The claims under Proposition 65 allege that the candy manufacturers and distributors "knowingly and intentionally" exposed their consumers to toxic levels of lead without providing proper notice, *i.e.* by placing a warning label on the product itself in violation of Proposition 65.

The B&P Section 17200 claims are premised on the fact that the violation of Proposition 65 is unlawful, and therefore, the defendants are presumably also liable for violating B&P Section 17200.

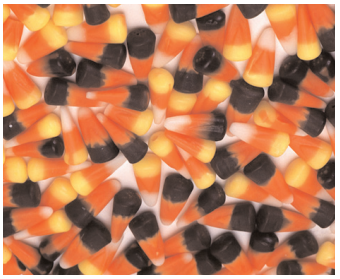
If the defendants are found to have violated both Proposition 65 and B&P Section 17200, the defendants face fines of up to $2,500 per day for each violation, or $2,500 for each violation.

On the policy front, both the Food and Drug Administration (FDA) and the California Legislature seek to address the Mexican candy lead levels by establishing lower lead levels for consumption. The FDA and the California Legislature are being pressured to lower the established lead level to .1 ppm. The current FDA lead consumption threshold is set at .5 ppm, which California follows.

In late August, 2004, the California Legislature approved AB 2451 setting the consumption lead level at .2 ppm exclusively for imported candy containing tamarind and chili powder. After having passed both the Senate and the Assembly, the bill was not presented to the Governor for signature

because the Democratic Caucus pulled the bill when Rep. Juan Vargas persuaded them to support a "zero tolerance" bill instead. To date, a new bill has not yet been introduced, but is expected to attempt to establish the lead level in California below .2 ppm and/or apply to both imported and non-imported candy.

The FDA has received tremendous pressure to establish a lower level of lead for consumption and has issued a statement that it will do so. While both the FDA and the California Legislature seem to be in agreement that it will lower the current consumption lead level, it is not clear that they will reach the same acceptable lead level. Consequently, candy manufacturers and distributors might have two lead level standards to abide by, the federal threshold and the California threshold, creating potential conflicts for the manufacturers and distributors of candy and other consumption products.



For more information about the Mexican Candy Manufacturer litigation and related legislation, please contact Robert Beall at rbeall@sheppardmullin.com or Norma Garcia Guillén at nguillen@sheppardmullin.com.

Workplace Posting Requirements for Non-English Speaking Workforces

Various federal and California statutes require employers of non-English speaking employees to provide employment-related postings in foreign languages. These foreign language postings are intended to ensure that employees who are not literate in English are effectively informed of certain employment rights. This is an area of law that is not well developed and can be confusing. Moreover, failure to comply with these posting requirements can expose employers to civil penalties and to scrutiny by California's Labor and Workforce Development Agency.

Which employers need to post information in a foreign language?

While there is no general federal or California statute that requires postings in foreign languages, specific federal and California statutes do require such postings. Some of these posting requirements apply depending of the nature of employment – others apply depending on the number of non-English speaking employees on an employer's workforce. Under federal law, farm labor contractors, agricultural employers, and agricultural associations that employ migrant or seasonal agricultural workers must make all required written disclosures to the workers "in English, or as necessary and reasonable, in Spanish or another language common to migrant or seasonal agricultural workers who are not fluent or literate in English." 29 Code of Federal Regulations § 500.78.

Under California law, farm labor contractors must post prominently at the work site, and on all vehicles used to transport employees, the employees'

rate of pay in English and Spanish. California Labor Code § 1696(a)(7). Also, where, as in the harvesting industry, employers permit employees to work more than 72 hours pursuant to an exemption, employers must give each employee a copy of the applicable provision for the exemption in English and in Spanish. 8 California Code of Regulations § 11080. Such employers also are required to post such exemption provisions in English and Spanish in a prominently visible place. Id.

Other foreign language posting requirements are triggered by the percentage of non-English speaking employees that make up an employer's workforce. Every employer covered by the federal Family Medical Leave Act is required to post a notice explaining the Act's provisions and providing information concerning the complaint procedures for alleged violations of the Act. The federal regulations further require that "[w]here an employer's workforce is comprised of *a significant portion* of workers who are not literate in English," the employer must provide the notice in a language in which the employees are literate. 29 Code of Federal Regulations § 825.300(c). Unfortunately, it is unclear under federal law what percentage of employees who are not literate in English would be considered "significant enough" to trigger these foreign language posting requirements.

Similarly, under California's Fair Employment and Housing Act and the California Family Rights Act, employers are required to post information regarding the employee's rights under these Acts in English and in an "appropriate foreign language" where a work-force is comprised of *at least ten percent* of employees who speak "a language other than English as their primary language." The regulations regarding the California Family Rights Act further require postings in more than one foreign language when appropriate: "[a]ny employer whose workforce at any facility or establishment contains ten percent or more of persons who speak a language other than English as their primary language shall translate the notice [regarding the employee's rights under the Act] into the language or languages spoken by this group or these groups of employees." 2 California Code of Regulations §§ 7291.16(c), 7297.9(c). Presumably the employer only would translate postings into more than one foreign language when at least ten percent of its workers spoke the foreign language in question. (For example, where 10% of an employer's workforce speaks Spanish as a primary language and 10% of the workforce speaks Chinese as a primary language, the employer would have to translate the required posting into both Spanish and Chinese.)

A more stringent statute is found in California's Labor Code. Under that statute, an employer must post certain information in English and Spanish *wherever* there are Spanish-speaking employees. Specifically, wherever there are any Spanish-speaking employees, an employer must post a notice in English and Spanish that states the name of the employer's workers' compensation insurance carrier, or, if applicable, state that the employer is self-insured. California Labor Code § 3550(d).

How can employers ensure compliance with posting requirements?

Workplace posting requirements exist in various federal and California statutes. Whether an employer is obliged to provide such postings in Spanish or in any other foreign language depends on the kind of work the employees are engaged in, whether the employees may be exempt from certain overtime provisions, and the composition of the employer's workforce. Because the threshold requirements for foreign language postings vary from statute to statute – and because failure to fulfill these posting obligations can expose an employer to penalties and scrutiny by the Labor and Workforce Development Agency – employers should consider auditing their workplace posting to ensure compliance with state and federal law.

For further information on foreign language posting requirements in California, please contact Douglas Farmer at dfarmer@sheppardmullin.com or Lara Villarreal Hunter at lhutner@sheppardmullin.com.

Department of Commerce Requires Filings for Certain Foreign Investments in Real Estate

A large portion of the investment by foreign interests in U.S. real estate and other U.S. assets is made through corporations, partnerships and other business enterprises. Tax, liability and business needs often dictate that an entity be used as opposed to direct investment in U.S. real estate. Many companies and investors are not aware, however, that the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce requires all U.S. companies that have foreign investors, and U.S. enterprises that have investments abroad, to file mandatory reports if the investments are over certain thresholds described below.

Generally, the reporting requirements apply to U.S. companies (including corporations, partnerships, limited liability companies and similar structures) that own at least a 10% voting interest in a foreign entity or if foreign investors own at least 10% of the U.S. company's voting interest (including all ownership of real estate). Full reporting forms must be filed with the BEA if the total assets, sales or gross operating revenues, or net income of the U.S. company meet certain threshold amounts – otherwise, exemption forms may be filed. The lowest threshold applies to new investment in a U.S. company that has or acquires $3 million or more in assets or that owns or acquires 200 acres or more of U.S. real estate, if the new investment results in foreign ownership of 10% or more. This means that a foreign investment of $300,000 or more (i.e. 10% of $3 million) could trigger the reporting requirements. The requirements do not apply, however, to residential real estate held for personal use only.

These requirements must be taken quite seriously, as the BEA can levy significant fines (up to $25,000) and penalties (including imprisonment for up to a year) for non-compliance upon the company required to report and its officers, directors, any employees or agents. In addition, the forms can be quite arduous and time-consuming to complete, so these requirements must be considered well in advance of when they are due. The information

gathered from reporting companies is used for analytical and statistical purposes only, and is required to be kept confidential – i.e., it is not furnished to the Internal Revenue Service or otherwise made public.

There are various forms which correspond to the various reporting requirements — different filing requirements and reporting thresholds are applicable with respect to inbound transactions (for foreign investments in the U.S.) and outbound transactions (for U.S. companies that have investments abroad).

In most cases, an initial form is required upon the initial investment, followed by annual reports (typically by May 31 of each year), and in some instances, quarterly reports. The type of form required depends on the amount of revenues, assets, or net income of the U.S. company or foreign affiliate (with generally more complex forms for larger companies) and the percentage of foreign ownership of the U.S. company or the percentage ownership of the U.S. company in the foreign company.

The various forms and more detailed instructions can be found on the Bureau's website: www.BEA.gov, where the forms can be filed electronically. Our Firm can help companies and investors determine whether these requirements apply to them and assist them throughout the process.

For further information on real estate, please contact Jerry Gumpel at jgumpel@sheppardmullin.com or Rafael Muilenburg at rmuilenburg@sheppardmullin.com.

The Iberia Criteria: Co-Productions Between Spain and Latin American Countries

Films from Latin America and Spain, often grouped together under the label of Ibero-American, are stealing the spotlight on the film festival circuit, as programs at festivals or even entire festivals are popping up throughout the world. This year, the International Film Festival in Guadalajara, the oldest and most prestigious in Mexico, will open its competition to Latin American and Spanish films for the first time (it had previously been limited to Mexican films). The internationally renowned San Sebastian International Film Festival now gives out "Horizontes" awards aimed at increasing the knowledge of feature films produced totally or partially in Latin America, directed by filmmakers of Latin origin, or set around or dealing with Latin communities. And in the United States, Chicago, Los Angeles, and New York are among the cities with Latino film festivals, while the Miami International Film Festival (with a competition among Ibero-American feature films), the Santa Barbara Film Festival (with a Cine Latino showcase), and the Palm Springs International Film Festival (introducing a Nueva Vision Award for

Spanish or Latin American film) have dedicated focus to the product.

As the circuit for featuring Ibero-American films expands, so do collaborations among its countries, particularly between Spain and Latin America. Despite the cultural and physical divide between the regions, there's a link that fuels these co-productions.While the answer might seem obvious, there are several justifications for why the shared Spanish language facilitates Ibero-American partnerships. Accent dissimilarities aside, the common ground gives Ibero-American co-productions a chance to play in the native tongue of each country involved. Whereas the commercial potential of foreign language films are usually confined to arthouses, Ibero-American co-productions may have a chance at mainstream success in all Spanish-speaking countries. The shared language also allows for a pool of talent among the countries, and several Latin American actors have gone on to become stars in Spain.

However, the main justification that makes such co-productions appealing to Spain hinges on a law that requires at least 60% of fiction television programming to be in Spanish. Faced with this mandate, Spanish producers take advantage of lower production costs and emerging talent in Latin America to find product. Latin American producers in turn can bank on upfront money for Spanish television licenses because of the high demand, as well as the subsequent benefit of guaranteed exposure in that medium. By teaming up through the co-production format, Spanish and Latin American producers can take on more ambitious projects with higher budgets. And the co-production brings the partnering territories closer, maximizing a film's chances at a wider release in those countries.

In addition, potential Ibero-American co-productions may have access to additional financing resources. One major supply is the Ibermedia Fund, founded in 1998, and counting as its member countries Argentina, Bolivia, Brazil, Columbia, Cuba, Chile, Spain, Mexico, Peru, Portugal, Puerto Rico, and Uruguay. Each year the fund allocates roughly $4 million to a number of productions that meet the criteria of Ibero-American co-productions. A related informational resource, Latino Film Works, is an on-line catalogue created and run by the Los Angeles Latino International Film Festival which aims to link Ibero-American films (whether produced with Ibermedia funds or otherwise) with expanded international distribution, particularly with U.S. companies that look to target the enormous marketing potential of U.S. Latino audiences.

There are now a handful of markets and forums aiming at facilitating Ibero-American co-productions. The Ibero-American Co-Production Forum in Huelva, Spain just had its gathering in November 2004, and nearly one-third of the projects featured in the mini-mart over its five year span have been produced. Guadalajara and Miami hold similar forums in conjunction with their festivals, where projects in varying levels of development seek financing from Ibero-American partners.

Meanwhile, increased production in such Latin American countries as Argentina, Chile and Brazil from state funding and tax breaks, as well as promising new production incentives in Mexico, combined with the continued crossover success of Latin filmmakers such as Alfonso Cuaron, Walter Salles, and Guillermo Del Toro should guarantee that the supply out of Latin America will be fruitful for those Spanish producers willing to team up with the financing.

The authors of this article, along with other attorneys in Sheppard Mullin's entertainment department, are currently working with the National Association of Latino Independent Producers to seek out ways for U.S. Hispanic producers to tap into the Ibermedia Fund. The department's lawyers have substantial experience in negotiating and drafting co-production agreements, are well-versed in international film incentives, and emphasize bi-lingual skills, including Spanish. Co-author Alexis Garcia will be attending the International Film Festival in Guadalajara on behalf of the firm in March and was recently interviewed for a Univision.com article entitled "El cine en America Latina: Una buena opcion para los hispanos" – available at http://www.univision.com/content/content.jhtml?chid=9&schid=1888&secid=10485&cid=515673&pagenum=1.

For more information about The Iberia Criteria: Co-Productions between Spain and Latin American Countries, please contact Alexis Garcia at agarcia@sheppardmullin.com or Louis Meisinger at lmeisinger@sheppardmullin.com.

FTC Enforcement Initiative Regarding False Advertising Targeting Spanish-speaking Consumers

On April 27, 2004, the Federal Trade Commission (FTC) announced its Hispanic Law Enforcement and Outreach Initiative (the "Initiative"). The FTC sees an increase in deceptive advertising aimed at Spanish-speaking consumers. The initiative will have the mandate and resources to pay special attention to companies that advertise their products and/or services to Spanish-speaking consumers.

The Initiative builds upon the success of 2003's FTC Spanish Language Media Monitoring Project ("the Project") to review Spanish language advertisements on television, radio, the Internet, and in print to identify deceptive advertising for law enforcement actions. The Project has yielded several enforcement proceedings against allegedly deceptive marketing advertised in high circulation Spanish language magazines, on national cable television channels, or in newspapers. These actions cover a variety of products and services including work-at-home business opportunities, weight-loss products, junk computers, and fraudulent international driving permits.

The following are examples of some of the proceedings.

1. Paymentech Promotions

Near the Mexican border, the Commission filed a false advertising complaint in the U.S. District Court for the Southern District of Texas against Estaban Barrios Vega, doing business as EBV Promotions, Paymentech Promotions, and Promo-tions of Service. The defendants advertised work-at-home business opportunities in various Spanish-language newspapers and circulars. The charges allege that, few, if any, consumers who paid up to $149 received the promised work on earnings the defendants claimed they would. On April 15, 2004, the FTC obtained a temporary restraining order, ordering the defendants to stop the deceptive advertising and freezing Mr. Vega's assets. On April 23, 2004, the court granted the FTC a preliminary injunction banning the defendants from telemarketing and selling business opportunities.

2. American Dream Enterprises

On April 16, 2004, the Commission filed a complaint in the U.S. District Court for the Southern District of Florida against American Dream Enterprises, L.L.C. and its owner, Andres Fernandez-Salvador. The court entered a stipulated final order on September 23, 2004, against American Dream Enterprises and Mr. Fernandez-Salvador. The defendants marketed to the South Florida Spanish language market a weight-loss dietary supplement—"Fat Seltzer"—which, when added to water, produces bubbles. American Dream made the claim that the effervescent action, when combined with Fat Seltzer's ingredients, cause sub-stantial and permanent weight loss without the need to exercise or diet. The final order prohibits the defendants from making claims that Fat Seltzer, or any dietary supplement, over-the-counter drug or cosmetic causes substantial weight loss without the need to diet or exercise, or causes permanent weight loss. The order also required the defendants to pay $185,000 in monetary relief plus an additional $1.5 million if the court finds that the defendants misrepresented their financial condition.

3. Unicyber Technology

On the opposite coast, on March 4, 2004, the FTC filed a complaint in the U.S. District Court in Los Angeles against Unicyber Technology, Inc.; Unicyber Gilboard, Inc.; and Chul K. Han, for targeting Spanish-speaking consumers with an offer of a complete computer system for three payments of $199. Instead of delivering the entire computer at the time the first payment was made, Unicyber delivered only keyboards and parts that would be useless without the computer itself. Consumers only then learned that they would not receive the full computer until they sent more money. Those who made the payments allegedly ended up with computers that did not work.

On March 12, 2004, the court issued a temporary restraining order halting the defendants' business practices and freezing their assets. On March 19, 2004, the defendants agreed to a preliminary injunction that prohibits them from making misrepresentations about computer systems or other products, continues the asset freeze, and appoints a receiver. This litigation continues.

4. PT Resource Center

Back in New England, in 2003 the FTC filed a false advertising complaint in the U.S. District Court in Massachusetts against William Scott Dion, and Donald and Vivian Lockwood, all doing business as PT Resource Center and PTRC. The FTC asserted that the defendants marketed false international driving permits and identification cards on their web site to immigrants and others for $65 or more.

On April 5, 2004, the court entered a default judgement against the Lockwoods and banned them from the business of international driving permits and required them to pay full consumer redress of $88,671.55. The proposed final order against Mr. Dion, filed on April 27, 2004, likewise bans him from the business of international driving permits and prohibits him from making future misrepre-sentations. The Order also contains Provisions to assist the FTC in monitoring defendants' compliance.

• • •

The FTC rules regarding false advertising are the same regardless of the language of the advertise-ment at issue. However, the FTC's recent special enforcement initiative regarding false advertising targeting Spanish-speaking consumers means that it is even more important for companies that adver-tise to Spanish-speaking consumers to have their advertisements reviewed and cleared by an attorney before publicly disseminating the advertisement. Spanish-speaking attorneys at Sheppard Mullin have extensive experience clearing advertisements under both Federal and state law.

For more information about the FTC's recent enforcement initiative, please contact Craig Cardon at ccardon@sheppardmullin.com or Brian Anderson at banderson@sheppardmullin.com.

HR's Role in Marketing to a Diverse America

Taking up the Challenge Requires Leadership Far beyond the Traditional HR Scope

If you analyzed Human Resource organiza-tions in Fortune 500 companies, you would probably find that all had a Diversity function. This department, early in its history, was called the Office of Equal Employment Opportunity or Affirmative Action. During those times, the simple focus was on female and minority workforce representation.

It is time for the template for these organ-izations to change. And the dynamics of these departments must change. Why? The market is changing. And unless we understand these market changes and adapt to these market changes, our overall businesses will suffer.

One of my partners in M^3 Alliance Consulting is Dr. David Hayes-Bautista, a well respected scholar and incredible framer of Latino culture. In a 2003 report, **The Latino Majority Has Emerged**, David and his co-authors stated that beginning in the third

quarter of 2001, more than half the births in the state of California were Latino. Comparable birth statistics also surfaced in New Mexico and Texas. You can easily do the projections and anticipate everything from the impact on future kindergarten enrollments to voter registrations in the year 2019.

On average, the Latino household is larger in size and a decade younger in age than the average white household. They currently spend more per capita on men and boy's apparel, groceries, furniture and children's clothing, to name a few, than any other ethnic group. They are becoming comfortable in both languages. They are home buyers, internet subscribers, branded credit card users and have great levels of media consumption. Finally, as a group, Latinos are more brand oriented and brand loyal than the general population and marketers that come early and consistently have a record of being richly rewarded.

So why is any of this important to Human Resources and how do any of these facts shape the challenges of this function?

Clearly, there is opportunity present and if a company wants to succeed, a comprehensive approach to capture your share of the richest U.S. ethnic market is required. Realize the approach is multi-pronged and is not just numbers driven. It impacts not only the entire Human Resource function but requires HR collaboration with Corporate Governance, Government Relations, Community Outreach, Vendor and Supplier Enterprises and finally, Product Development functions. M^3 has branded this approach **Total Hispanic Relationship Management (THRM).**

Here's how to think it through.

We will never be able to capitalize on this market unless we have indigenous, internal management and staffs appreciating its potential yield and helping us to get there. For those of you that have International operations, it is not that different than having indigenous manage-ment at your foreign facilities**. *Recruiting*** is only half the battle. Once in the door, ***retention*** **planning** is critical.

Corporate ***Governance*** accounts for representation on the Board of Directors. If you think of Boards as the Chairman's sources of stewardship, support and guidance, then it makes great sense to ensure that there are Latinos in those board chairs.

If we are to profit from this community, it is good practice to support that same community. Latinos are known for recognizing company participation and rewarding those that remain active partners in their welfare. Whether recognizing elected officials, national and local coalition leaders, or participating in ***outreach*** activities, a successful inclusion program will result in the company being seen as a member of that community.

Full partnership includes allowing this community to partake in the growth of the enterprise and a perfect example is ***supplier inclusion***.

Finally, to complete this approach, the ***products*** that we create, market and distribute must reflect the wants and taste of this community. And our leaders, who are now indigenous, understand the cultural significance of the marketplace and can design, market and distribute to those wants and tastes. And they do that because fulfilling that need drives ultimately better bottom line performance.

In summation, absent the totality of the integrated approach, organizations will be hitting singles instead of home runs. And absent operating leadership stepping to the plate, Human Resources must grab the bat.

HR can champion this strategy and help management understand this marketplace. Latino leadership should guide in this understanding, thus ensuring acculturated competency. All must understand that until the recipients of community relations become targets of our customer relations and until the Latino marketplace is assigned the values of our most cherished customers, no organization will be all that it can be.

Bill Wilkinson is founding partner of Los Angeles-based M3 Alliance Consulting (www.m3alliance.com). Bill has more than 30 years of experience in human resources management, diversity management, workforce training, MWBE negotiations and operations, product inclusion and community relations. He previously held the position of vice-president of human resources and executive assistant to the Chairman for Capital Cities/ABC and was more recently senior vice-president of human resources for the Walt Disney Company (over its 120,000 employees) after the Capital Cities/ABC merger in 1996.

About Sheppard, Mullin, Richter & Hampton LLP

Sheppard, Mullin, Richter & Hampton LLP is a full service AmLaw 100 firm with more than 440 attorneys in nine offices located throughout California and in New York and Washington, D.C. The firm's California offices are located in Los Angeles, Century City, San Francisco, Orange County, Del Mar Heights, San Diego, Santa Barbara, New York and Washington, D.C. Sheppard Mullin provides legal expertise and counsel to U.S. and international clients in a wide range of practice areas, including Antitrust, Corporate and Securities; Entertainment and Media; Finance and Bankruptcy; Government Contracts; Intellectual Property; Labor and Employment; Litigation; Real Estate/Land Use; and Tax, Employee Benefits, Trusts and Estate Planning. The firm was founded in 1927.

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