

Edition 9  
July 2016

Fraud Investigation &  
Dispute Services

# UK Bribery Digest



Building a better  
working world



## Contents

Introduction	01
International Anti-Corruption Summit	02
Progress update on the UK Anti-Corruption Plan	06
Panama Papers and Unaoil leaks	08
ISO 37001 is on the way	09
Cases in the first half of 2016	10
Abbreviations	16
Contacts	16
Table of cases	17

# Introduction

**Welcome to the latest edition of our UK Bribery Digest in which we comment on cases and developments in the first half of 2016.**

We examine five completed cases, most notably the second Deferred Prosecution Agreement (“DPA”) secured by the SFO. This was an exceptional case, as the Court needed to weigh the implications of prosecuting “*egregious criminality*” against potential insolvency of the company. However, the judgment does provide further valuable insight into how the DPA regime will operate more generally in England and Wales. We also comment on a Scottish case that highlights the potential exposure of individual directors caught up in bribery schemes and an instance of bribery giving rise to a successful civil recovery order against the offending party.

The first half of 2016 saw developments in the anti-bribery and corruption activities of the UK Government. It put forward a positive view of its progress against the UK Anti-Corruption Plan (which was published in December 2014) and in May it hosted the international Anti-Corruption Summit which, among other things, led to the publication of a further UK action plan. We summarise and comment on these developments.

March and April 2016 saw the Unaoil and Panama Papers stories receiving extensive newspaper coverage and we are only just beginning to see the results of the global enforcement authorities’ enquiries.

More recently, the International Organisation for Standardisation announced that ISO 37001 (Anti-bribery management systems) will be issued on 15 September 2016. The ISO 37001 has the potential to be a significant development in anti-bribery and corruption compliance and enforcement, and we comment on the factors likely to affect the extent of its adoption.

We have updated our ever-popular table of UK bribery and corruption cases since April 2008 for the new cases.

Please do contact me with your comments and feedback. We hope you enjoy this edition and find it useful in your work.

**Jonathan Middup**  
Partner, UK Head of Anti-Bribery and Corruption  
jmiddup@uk.ey.com  
Jonathan Middup

# International Anti-Corruption Summit

On 12 May 2016, former Prime Minister David Cameron hosted a landmark international anti-corruption summit in London.

The summit brought together world leaders, business and civil society and sought “to galvanise a global response to tackle corruption”. As well as agreeing a package of actions to tackle corruption across the board, it dealt with wider but related issues including corporate secrecy, government transparency, the enforcement of international anti-corruption laws and the strengthening of international institutions.

**More than forty countries participated in the summit, as listed below. Delegates were also sent from the following international bodies: World Bank; Commonwealth Secretariat; International Monetary Fund; Organisation for Economic Cooperation & Development (“OECD”); United Nations; Financial Action Taskforce; European Bank for Reconstruction & Development.**

## Participating countries

▶ Afghanistan	▶ France	▶ Japan	▶ Norway	▶ South Africa	▶ Turkey
▶ Argentina	▶ Georgia	▶ Jordan	▶ Republic of Korea	▶ Spain	▶ Ukraine
▶ Australia	▶ Germany	▶ Kenya	▶ Romania	▶ Sri Lanka	▶ United Arab Emirates
▶ Brazil	▶ Ghana	▶ Malta	▶ Russia	▶ Switzerland	▶ United Kingdom
▶ Bulgaria	▶ India	▶ Mexico	▶ Saudi Arabia	▶ Tanzania	▶ United States of America
▶ Canada	▶ Indonesia	▶ Netherlands	▶ Senegal	▶ Trinidad and Tobago	
▶ China	▶ Ireland	▶ New Zealand	▶ Singapore	▶ Tunisia	
▶ Colombia	▶ Italy	▶ Nigeria			

Corruption should be exposed – ensuring there is nowhere to hide

The corrupt should be pursued and punished

Corruption should be driven out – wherever it may exist

**One output of the summit was the Global Declaration Against Corruption, which states the following:**

**Corruption should be exposed – ensuring there is nowhere to hide:**

- ▶ By ending the misuse of anonymous companies to hide the proceeds of corruption.
- ▶ By driving out those lawyers, real estate agents and accountants who facilitate or are complicit in corruption and denying the corrupt the use of legitimate business channels.
- ▶ By increasing the transparency of government budgets, tax information and procurement to deter tax evasion and expose the theft or misuse of taxpayers' money.
- ▶ By making it easier for people to report corruption without fear of reprisal.

**The corrupt should be pursued and punished and those who have suffered from corruption fully supported:**

- ▶ By actively enforcing anti-corruption laws and working together to pursue the corrupt, prosecute and punish them.
- ▶ By tracking down stolen assets and returning them safely to their legitimate owners.
- ▶ By sending a clear message to the corrupt: there will be no impunity. We will restrict their ability to operate in our countries.

**Corruption should be driven out - wherever it may exist:**

- ▶ By targeting entrenched corruption, linking up institutions and professions around the world to build capacity and foster a shared culture of integrity.
- ▶ By ensuring transparency and governance in key areas including sport, extractives and the security sector.
- ▶ By using innovation and new technologies to empower citizens to fight corruption.
- ▶ By encouraging and supporting the international organisations to increase their focus on fighting corruption and to coordinate their work more effectively.

A further output of the summit was country statements by 41 of the countries setting out “the concrete actions they will take in order to tackle corruption”. For several of these countries, this represents the first steps in addressing corruption.

**The UK country statement describes a core commitment for the UK to develop a cross-government Anti-Corruption Strategy by the end of 2016, which will set out a long-term vision for tackling corruption, including how the UK will implement the following commitments:**

**To expose corruption:**

The UK's public central register of company beneficial ownership information for all companies incorporated in the UK will be launched in June 2016. The UK will also establish a public register of company beneficial ownership information for foreign companies who already own or buy property in the UK, or who bid on UK central government contracts. The UK is a founding country of the initiative for the automatic exchange of beneficial ownership information.

The UK has a public-private information sharing partnership, the Joint Money-Laundering Intelligence Taskforce, that brings together government, law enforcement, regulators and the banks to share corruption intelligence and to detect, prevent and disrupt money laundering and other economic crimes. The UK will work with other countries to share information between respective public-private partnerships through law enforcement and other channels to ensure the most effective response to international money-laundering. The UK will support the Egmont Group to establish a Centre of Excellence for Financial Intelligence Units to strengthen the technical capacities of these bodies and their leadership role.

The UK Crown Commercial Service will implement the Open Contracting Data Standard by October 2016. The UK is trialling the principles of this Standard in High Speed Two (HS2). The UK will join the new Contracting 5 group to promote open contracting globally.

The UK also commits to undertake an IMF Fiscal Transparency Evaluation.

The UK will work with others to enhance company disclosure regarding payments to government for the sale of oil, gas and minerals, complementing its commitment to the Extractive Industries Transparency Initiative. The UK will, with others, explore the scope for a common global reporting standard.

The UK is committed to providing effective protections for whistleblowers and made recent legislative changes to make the system more transparent. The UK will review the effectiveness of these changes.

The UK has signed up to the Common Reporting Standard and was a founding member of the Addis Tax Initiative. Building on the UK Bribery Act 2010, the UK is introducing a penalty for UK companies that fail to prevent their employees from facilitating tax evasion, including in other jurisdictions, and is launching a consultation on extending this penalty to a wider range of economic crimes, such as money-laundering, fraud and false accounting. The UK supports the development of a global commitment for public country-by-country reporting on tax information for large multinational enterprises.

**To punish the corrupt and support those who have suffered from corruption:**

The UK will work with others to establish an International Anti-Corruption Coordination Centre and will provide people and resources to support it.

The UK is consulting on stronger asset recovery legislation, including non-conviction based confiscation powers and the introduction of unexplained wealth orders. The UK endorses the guidelines for the transparent and accountable management of returned stolen assets, and common principles governing the payment of compensation to the countries affected. The UK will

work with others to establish a Global Forum for Asset Recovery and will provide resources to it. The UK will co-host the inaugural meeting of the Global Forum with the United States of America in 2017, focusing on Nigeria, Ukraine, Tunisia and Sri Lanka.

The UK will introduce a conviction check process to prevent corrupt bidders with relevant convictions from winning public contracts, and is committed to exploring ways of sharing such information across borders.

**To drive out the culture of corruption, wherever it exists:**

The UK will continue to work with international sports bodies, other countries and international organisations to develop an International Sport Integrity Partnership. The UK is also launching a domestic charter on integrity and good governance in sport.

The UK will ensure that its assistance to foreign security and defence sectors supports good governance, to reduce the risk of corruption in the security sector. The UK was one of only two countries to receive an A rating in the 2015 Transparency International Government Defence Anti-Corruption Index.

The UK will launch practitioner partnerships on institutional integrity with Nigeria, Tanzania, Kenya, Afghanistan and Georgia to share expertise in the areas of audit, financial regulation,

anti-corruption, and parliamentary budget oversight. The UK will support a learning exchange for the Institutional Integrity Network at the OECD.

The UK is launching an Anti-Corruption Innovation Hub with other countries to support social innovators, technology experts, and data scientists to collaborate with law enforcement and civil society organisations on innovative approaches to anti-corruption.

The UK will work with other countries, civil society, and international organisations to accelerate the implementation of the voluntary provisions of the UN Convention Against Corruption ("UNCAC").

The UK will support the establishment of an OECD anti-corruption and integrity platform to strengthen the impact and coherence of existing OECD anti-corruption work.

**EY was proud to contribute to the organisation and execution of the Tackling Corruption Together Conference hosted by the Commonwealth Secretariat and the Anti-Corruption Summit. EY's role in these events builds upon its wider activities in support of the development of inter-governmental cooperation to tackle bribery and corruption, including its role as Knowledge Partner to the B20 Anti-Corruption Taskforce.**

In addition, EY was also instrumental in the development of a Joint Statement in support of the Summit signed by more than 25 of the world's biggest legal, accountancy and property firms. This statement was unveiled during the Summit by Steve Varley, Chairman and Managing Partner of EY UK & Ireland. The statement pledges the signatories to:

- ▶ Drive out corruption, including prioritising education and training and to foster cultures that refuse to tolerate corruption in any of its forms.
- ▶ Support the continuing efforts of the G20 and others to tackle corruption and money laundering, and to encourage jurisdictions around the world to adopt laws and regulations that are consistent with globally agreed guidelines in this area such as those of the Financial Action Task Force and the OECD.
- ▶ Work together to share experience, promote the codification of good practice, and in dialogue with government, regulators and professional bodies support their work addressing the practical limitations of the wider system the signatories currently work within.

**We consider the summit to have been a significant step. A particular achievement was producing action plans and making these country specific. However, in the light of the political environment in the UK after the Brexit referendum and the changes in political leadership, future developments to be driven by the UK government in this area are more uncertain.**

# Progress update on the UK Anti-Corruption Plan

Also in May 2016, the Government issued its progress update on the UK Anti-Corruption Plan ("the Plan"). The Plan had been published in December 2014 to bring together for the first time all of the UK's anti-corruption efforts in one cross-departmental document. It set out 66 actions of wide-ranging scope, on which progress was reported by the Inter-Ministerial Group on Anti-Corruption as follows:

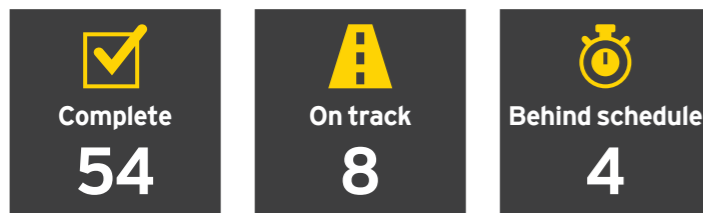
We highlight the following activities which the Government reports as complete:

- ▶ The NCA has established within its national intelligence hub a multi-agency intelligence team which focuses on serious domestic and international bribery and corruption.
- ▶ The Cabinet Office has worked with civil society organisations and others to identify datasets held by the government that could be published to improve transparency and reduce the opportunities for corruption. This includes the Land Registry publishing which property titles in England and Wales are owned by foreign companies.

- ▶ In order to make the reporting of bribery and corruption simpler and more widely known, the Home Office has developed a single reporting line model that uses a combination of the skills and experience (in particular call handling) of Crimestoppers and the City of London Police. The next steps include securing funding and set up of a project team; conducting a feasibility study; and designing and delivering a full implementation programme in conjunction with a communications campaign to implement the proposed model in 2017/18 at the latest.

- ▶ Scoping work has been undertaken to assess the use of financial incentives to support whistleblowers in cases of bribery and corruption. The lack of evidence on the successes of financial incentivisation schemes in other countries suggests that providing financial incentives is unlikely to encourage whistleblowers to come forward in cases of bribery and corruption. Although the Government does not propose to introduce financial incentives for cases of bribery and corruption, it is exploring how to enhance the support provided to those who report bribery and corruption in specific sectors.

- ▶ The local government counter fraud and corruption strategy was published on 23 March 2016. It sets out the suggested approach local authorities should take and the main areas of focus over the next three years in order to tackle fraud and corruption. It is primarily aimed at elected members, chief executives, finance directors and those charged with governance in local authorities and contains major recommendations for local authorities and other stakeholders.



The four actions which are reported as behind schedule are:

- 1 Improving how corruption is recorded in national crime reporting.
- 2 Implementing a communications plan for improving public awareness of how to report corruption.
- 3 Publishing a corruption risk assessment template for government departments and agencies aligned with the Cabinet Office fraud risk assessments.
- 4 Introducing a new criminal offence for a person to operate as a private investigator without a Security Industry Authority ("SIA") licence.

- ▶ Seconded officers, from a number of agencies, have joined the International Corruption Unit ("ICU", established in June 2015 as a centralised bribery and corruption investigation unit) and the national multi-agency intelligence team established within the NCA, bringing their expertise and specialisms to both the new units. These include: financial investigation; data analysis; and intelligence development. In addition, a recruitment drive is underway to directly employ staff with the necessary specialist skills to support corruption investigations. Work is also underway to create a specific career path for these specialists. These initiatives are to improve the recruitment and retention of specialists to support corruption investigations.
- ▶ The Cabinet Office-led review of the enforcement response to bribery and corruption has concluded and its recommendations are being considered by Ministers.
- ▶ The Serious Crime Act 2015 amends the Proceeds of Crime Act 2002 to enable the use of financial investigation powers after a confiscation order has been made. This will enable the powers to be used to trace and recover hidden assets. These provisions were commenced on 1 March 2016. The Home Office has considered detailed proposals for other changes to the Proceeds of Crime Act's financial investigation powers from operational partners and is working with them to develop a final set of measures to present to Ministers before a suitable legislative vehicle is identified.
- ▶ The Small Business, Enterprise and Employment Act included provisions to introduce a new register of people with significant control ("the PSC register"). The requirements for companies to collate and hold their PSC register came into force on 6 April 2016. Companies will be required to provide this information to a central register held at Companies House from June 2016. The same act included measures to abolish bearer shares.

These measures automatically commenced on 26 May 2015, banning companies from issuing new bearer shares and commencing a nine-month timetable for existing bearer shareholders to surrender or convert their shares. This process completed by 26 February 2016. If a company still has bearer shares in existence at this date, it must apply to the court for them to be cancelled and pay the nominal value of the shares into the court. The holder of the shares can then apply to the court to receive the nominal value if they can show exceptional reasons why they could not be converted during the nine-month period.

We highlight the following activities which are reported as "on track":

- ▶ The Senior Managers and Certification Regime came into operation for banks, building societies, credit unions and certain systemically important investment firms on 7 March 2016. The Government has included provisions in the Bank of England and Financial Services Bill to extend the Senior Managers and Certification Regime to cover all authorised financial services firms. The provisional timetable is for the regime to come into operation for these additional firms in 2018.
- ▶ The Cabinet Office has taken over responsibility for the UK's international engagement on corruption with the G7, G20 and OECD. The Cabinet Office also has responsibility along with the Foreign and Commonwealth Office ("FCO") and the Department for International Development ("DFID") for UNCAC. Responsibility for Group of States against corruption ("GRECO") will be transferred from the Ministry of Justice in 2016.

# Panama Papers and Unaoil leaks

**What quickly became known as ‘the Panama Papers’ are some 11.5 million documents leaked from the Panamanian law firm and corporate service provider Mossack Fonseca. The documents had been provided to the International Consortium of Investigative Journalists and after more than a year of analysis, news stories emerged in April 2016.**

While this is not the first leak of sensitive data, the Panama Papers event is unprecedented for the massive scale of the data disclosed and the specificity of the data on transactions and entities that it includes. The leak highlights the vulnerability of businesses to involuntary disclosure of their confidential information.

This vulnerability was accentuated as it came hard on the heels of the disclosure of a six-month investigation by journalists of the Monaco company, Unaoil. The journalists were provided with tens of thousands of documents from an unnamed source which shone a light on the activities of Unaoil in Iraq, Kazakhstan, Libya, Syria, Tunisia and more than a dozen other countries.

UK and US law enforcement authorities are keenly focused on the leaked data. In July 2016 the SFO announced it is conducting a criminal investigation into the activities of Unaoil, its officers, its employees and its agents in connection with suspected offences of bribery, corruption and money laundering.



# ISO 37001 is on the way

**In July 2016, the International Organisation for Standardisation announced that ISO 37001 (Anti-bribery management systems) will be issued on 15 September 2016.**

ISO 37001 is designed to help organisations implement effective measures to prevent and address bribery, and instil a culture of honesty, transparency and integrity. It provides the tools and systems to greatly reduce bribery risk and help organisations deal with it effectively if it does arise. It is expected that ISO 37001 will provide reassurance to investors and other stakeholders that an organisation has an effective system in place to manage the risk of bribery.

Neill Stansbury, Chair of the ISO project committee that developed the standard, said the overwhelming 91% vote of confidence from the ISO members involved in its drafting gives the committee even greater confidence in the standard's ultimate potential.

**ISO 37001 has a number of attractions and limitations, however it is noteworthy because:**

- ▶ ISO is an authoritative standard issuing body. As it is not country aligned, its standards are more likely to be seen as neutral and therefore more widely adopted.
- ▶ It is the first global anti-bribery and corruption standard. On its release, ISO37001 will be applicable to businesses in all countries where those businesses choose to comply with it. There is currently available plentiful Anti-Bribery and Corruption (“ABAC”) guidance, but this is non-mandatory and not always specific as regards relevant policies, procedures and controls.

**The level of adoption of the standard will depend on the responses of the private sector, the government, the prosecution agencies and the judiciary. For example:**

- ▶ In the private sector, the existence of a single, widely accepted standard may promote the formalisation of ABAC compliance in supply chains. Entities in a strong position in providing supply contracts may manage their ABAC risk by making ISO 37001 compliance (funded by the contractor) a condition of the contract.
- ▶ Government entities (especially those in the EU) could require ISO 37001 compliance as a condition of tendering for a contract.

- ▶ As the standard itself points out, compliance with the standard does not necessarily entail compliance with relevant anti-bribery laws. But certified ISO 37001 compliance would provide a platform for a strong defence for entities subject to investigation or enforcement action.
- ▶ In considering whether or not an entity has an effective compliance and ethics programme at the time of the alleged offence when assessing culpability (for sentencing purposes, for example), ISO37001 could become a reference point for the judiciary because it appears to be broadly compatible with the Ministry of Justice guidance<sup>1</sup>.

ISO37001 is a certification standard: entities may declare compliance with it only by way of a successful certification by an ISO approved certifier. It therefore appears to us that the certification process will have a big impact on confidence in the standard. The certification process will need to be seen as robust in order to promote the broader acceptance of the standard. If, on the other hand, certification comes to be seen as a mere rubber stamping of judgements made by the entity's management, creating false assurance over the compliance system, then this will detract from the longer term impact of the standard.

In this respect, ISO 37001 does not state whether it is setting out minimum requirements or something over and above this. (Its introduction states that it “...reflects international good practice...” which suggests something beyond minimum requirements.) Furthermore, the certification process is effectively a “pass/fail” rather than a qualitative evaluation. The “reasonable and proportionate” principle that pervades the standard and the fact that several of the procedures are to be applied “as applicable” allow for a breadth of interpretation, including on the part of the certifier. Thus, while the standard provides a benchmark, it offers little by way of comparability between entities. As a result, it does not help answer some common questions raised by entities building ABAC systems, such as: “How mature is my ABAC system?”; “How does it compare with what my competitors are doing?”

We will comment on the technical content of the standard once the final version has been released.

<sup>1</sup>Guidance about procedures that relevant commercial organisations can put into place to prevent persons associated with them from bribing (Section 9 of the Bribery Act 2010), issued in March 2011.

# Cases in the first half of 2016

57

Small to medium sized enterprise ("SME") (July 2016)

This represents the second Deferred Prosecution Agreement ("DPA") secured by the SFO (the first being in respect of Standard Bank plc announced in November 2015 (see case 51)). The counterparty to this second DPA is a UK SME ("the company") that traded mainly in Asia and which cannot currently be named due to ongoing, related legal proceedings, presumably the prosecution of the senior executives involved in the bribery. Thus, only a redacted judgment has been published.

"There is... no issue about the SFO reserving the right to prosecute former employees [involved in bribery] or [the company] in the event that it provided inaccurate, misleading or incomplete information: terms that will be standard in DPAs."

The Right Honourable Sir Brian Leveson in the redacted judgment approving the SFO's second DPA

The company was accused of offences under both old and new bribery laws. Specifically conspiracy to bribe and conspiracy to corrupt (contrary to Section 1 of the Criminal Law Act 1977) and failure to prevent bribery (contrary to Section 7 of the Bribery Act 2010), all in connection with contracts to supply its products to customers in a number of foreign jurisdictions.

As described in the redacted judgment explaining the Court's consent to the DPA: "During the period June 2004 to June 2012 [the company] through a small but important group of its employees and agents, was involved in the systematic offer and/or payment of bribes to secure contracts in foreign jurisdictions. In total, of 74 contracts which were ultimately examined, 28 are said to be "implicated", that is to say there is specific evidence to suggest that each contract was procured as a result of the offer and/or payment of bribes... The way in which these offences were committed was for intermediary agents within a particular jurisdiction to offer or to place bribes with those thought to exert influence or control over the awarding of contracts; this was done on behalf of [the company's] employees and ultimately the company. It is significant that these were payments which were not part of agency agreements which provided for agents' remuneration on the basis of commission expressed as a percentage of the contract value in each case. Rather, correspondence shows the

payment also of what is described as "fixed commission", "special commission" and "additional commission". It is also important to emphasise that there is no direct evidence of any illegal agreement between the agents concerned and the purported recipients of bribes. However, given the context and correspondences between [the company's] employees and agents, this DPA preliminary application proceeds on the basis that the various terms used represent euphemisms for bribes. In the period 2004-2013, a total of £17.24 million was paid to [the company] on the 28 implicated contracts on which bribes were offered. This sum represented 15.81% of the total turnover of [the company] in the period... The total gross profit from the implicated contracts amounted to £6,553,085 out of a total gross profit of £31.4 million (i.e. 20.82%). [The company] estimates a net profit of approximately £2.5 million in respect of the implicated contracts".

As further explained in the redacted judgment: "By its own admission, prior to 2012, [the company] did not have adequate compliance provisions in place. In order to address this problem, in late 2011, [the parent company] sought to improve matters in its subsidiary by implementing its global compliance programme within [the company]. It was within the context of this compliance programme that, at the end of August 2012, concerns came to light about the way in which a number of contracts had been secured. [The company] took immediate action by retaining a law firm to undertake an independent internal investigation. After making a written self-report on behalf of its client, the law firm continued to supplement the SFO with information while it conducted its own investigation. Two further self-reports were made."

"... it is important to send a clear message ... that a company's shareholders, customers and employees (as well as all those with whom it deals) are far better served by self-reporting and putting in place effective compliance structures. When it does so, that openness must be rewarded and be seen to be worthwhile."

The Right Honourable Sir Brian Leveson in the redacted judgment approving the SFO's second DPA

A key role of the Court with regard to an application for a DPA is to decide whether or not a DPA is in the interests of justice: an alternative is that the Court may determine that the interests of justice require a criminal prosecution. It is set out in the redacted judgment that "there is no doubt that [the company's] conduct was very serious both in terms of type and scale so that it is not straightforward that a proposed DPA is in principle in the interest of justice". The redacted judgment sets out the assessment by reference to a number of relevant factors, providing helpful detail of the way in which future cases are likely to be considered:

Considerations favouring a DPA	Considerations favouring prosecution
<b>The seriousness of the corrupt conduct</b>	
<ul style="list-style-type: none"> <li>The majority of the bribes were offered at the instigation of the agents who were not under any pressure from the company to bribe</li> <li>The bribing mechanism was not particularly sophisticated or redolent of a corporate cover up</li> </ul>	<ul style="list-style-type: none"> <li>"There is no doubt that [the company's] systematic bribery over a period of eight years was grave"</li> <li>Seven agents in as many jurisdictions are implicated</li> <li>£6.5 million of gross profit was generated by the corruptly obtained contracts</li> <li>This caused detriment to potential competitors</li> <li>"[The corrupt activity] was, therefore, part of [the company's] established business conduct". (This is contrasted with the conduct of Standard Bank, which was a single (albeit substantial) instance of bribery by a sister company)</li> </ul>
<b>Any history of similar conduct</b>	
<ul style="list-style-type: none"> <li>The company has no history of bribery prior to the matters covered in the self-report (although that covered a period of eight years) or other criminality either in the UK or internationally</li> </ul>	
<b>The importance of incentivising self-reporting of corporate wrongdoing</b>	
<ul style="list-style-type: none"> <li>Promptness of the self-report by the company</li> <li>The company fully disclosed a comprehensive internal investigation, made witnesses available and provided full and timely responses to SFO requests for information and materials ("save for those subject to a proper claim of legal privilege")</li> <li>Co-operation of the company and its parent company with the SFO</li> <li>Had it not been for the self-report the offending might otherwise have remained unknown to the SFO (there was no whistleblower)</li> </ul>	
<b>Corporate compliance prior to, at the time of and subsequent to the corrupt conduct</b>	
<ul style="list-style-type: none"> <li>Since 2012, at the instigation of the parent company, the company implemented new training programmes, policies and procedures, which led to the discovery of the bribery</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate compliance systems during the period of the corrupt conduct and prior to 2012</li> </ul>
<b>The extent to which the organisation has changed its culture and relevant personnel</b>	
<ul style="list-style-type: none"> <li>The company in its current form is effectively a different entity from that which committed the bribery</li> <li>In the period since the misconduct was discovered two senior executives have been dismissed (none of the company's current officers or employees face charges), the suspect agents terminated and bids for two suspect contracts withdrawn</li> </ul>	
<b>The impact of prosecution on employees and other innocent parties</b>	
<ul style="list-style-type: none"> <li>Prosecution and conviction would entail significant legal costs and financial penalty at an unfavourable time in the industry</li> <li>The company currently operates "on an economic 'knife edge'"</li> <li>Conviction of the company would leave it debarred from UK and EU public contract tenders</li> <li>The risk of insolvency would harm workers, suppliers and the wider community</li> </ul>	

# Cases in the first half of 2016 continued...

A core issue in considering this particular DPA is “the problems generated when a modestly resourced SME has demonstrably committed offences of bribery and corruption on a prolific scale”. As the judge puts it: “I identified the nub of the matter as at what level of criminality is it necessary simply to allow the SME to become insolvent and to what extent is it appropriate to mitigate the financial penalty, knowing that the SME is only able to make any substantial payment with the support of the substantial company of which the SME is a wholly owned subsidiary? On the one hand, allowing the SME to continue to trade (assuming necessary compliance has been put in place) is in the public interest but, on the other hand, nothing must be done to encourage the pursuit of criminal behaviour through a corporate vehicle which can be abandoned as insolvent if necessary.” In this respect, as the redacted judgment emphasises, this case can be considered exceptional.

**With regard to the resolution of this matter, the terms of the DPA include the following:**

- Disgorgement of gross profits of £6,201,085 (of which £1,953,085 will be contributed by the parent company, being the repayment of a significant proportion of dividends that it had received from the company, albeit entirely innocently).
- Payment of a financial penalty of £352,000 being a reasonable estimate of the unencumbered balance of cash available following a review by the SFO of the company's cash flow projections over three years (i.e what the company can afford and so as not to render it insolvent). No tax reduction shall be sought in relation to this payment or the disgorgement.
- Compensation was not appropriate as it was not possible to positively identify any victims as entities who may be compensated, because there was no evidence of whether the agents actually paid bribes to particular parties.
- The SFO agreed not to seek costs in light of the company's means and ability to pay.
- The DPA is for a period of at least three years and up to five years to allow the financial terms to be met.
- Past and future cooperation with the SFO in all matters relating to the conduct covered by the DPA.
- Review, maintenance of and reporting to the SFO on the organisation's existing compliance programme. The Chief Compliance Officer of the company is required to prepare a report for submission to the SFO (to be completed within twelve months of the DPA coming into effect and annually thereafter for its duration) on the company's anti-bribery and corruption policies and their implementation. The report will include circumstances where third party intermediaries (such as agents) are involved with transactions in which the company participates and the completion and effectiveness of its anti-bribery and corruption training, including the level of anti-bribery and corruption awareness among employees.

- It is apparent then that the Court will take a flexible and constructive approach to the relevant guidelines in assessing the financial consequences of the DPA where required by exceptional circumstances, in this case the precarious financial position of the company. As the redacted judgment puts it: “... it is essential to consider all the circumstances. These include the conclusion that the interests of justice did not require [the company] to be pursued into insolvency”. The company and its parent company finally jointly agreed, under the supervision of the court, that the parent company returned £1,953,085 received in dividends for the company to pay towards disgorgement, which brought the total sum to be disgorged to £6,201,085, which is the total gross profit less the sum of £352,000 available over the subsequent period from the company's own limited resources.

**The timetable of this case through to the DPA may be of interest and is summarised as follows:**

Date	Event
Late August 2012	Concerns come to light as part of the company's compliance programme
4 September 2012	Law firm retained to conduct an independent investigation of contracts 2006 onwards
2 October 2012	The law firm orally informs the SFO that an as yet unidentified client may be making a self-report
13 November 2012	The law firm meets with the SFO and confirms the company will be making a self-report following the conclusion of an internal investigation
31 January 2013	Submission of internal investigation report (39 pages long) to the SFO. Additional reports reflecting a broader scope of investigation are submitted through to 27 November 2014.
26 April 2013	The SFO commences its own investigation which it conducts with the full co-operation of the company
August 2015	The director of the SFO invites the company to commence negotiation of a DPA
14 January 2016	The SFO concludes its investigation
24 June 2016	The Court indicates it is prepared to approve the proposed DPA as likely to be in the interests of justice
6 July 2016	The company and the SFO sign the DPA
8 July 2016	The Court approves the signed DPA as being in the interests of justice

**We note that:**

- The redacted judgment in this case provides clear and helpful guidance to organisations considering a DPA.
- The case once again features two recurring common aspects of foreign bribery scenarios: firstly the involvement of agents; secondly, the risk of inheriting corruption issues upon acquisition of a company, although we emphasise that there is no question in this case of fault on the part of the parent company (a US corporation that acquired the company in 2000) including its due diligence. The risk in respect of agents is heightened in this case as the redacted judgment makes clear that the majority of the bribes were offered at the instigation of the agents who were not under any pressure from the company to bribe.
- The SFO was not able to demonstrate whether and, if so, in what sum, the various agents actually paid bribes to named or unknown individuals. This is a reminder that the absence of this type of evidence is not a protection for a company involved in corruption or necessarily a hindrance to proceedings.
- The SFO's right to prosecute former employees involved in the bribery and the company itself for providing inaccurate, misleading or incomplete information are to be a standard feature of DPAs. In addition to the financial terms of the agreement, the company has agreed to continue to cooperate fully with the SFO and we would expect this term to also be a standard feature of future DPAs.
- The company also agreed to provide a report addressing all third party intermediary transactions, and the completion and effectiveness of its existing anti-bribery and corruption controls, policies and procedures within twelve months of the DPA and every twelve months for its duration. UK DPAs therefore appear to be following the US model of imposing some form of ongoing compliance monitoring or self-monitoring.
- In addressing the role of the parent company and its impact on the terms of the DPA, the Court considered the following: that it did not knowingly make profit from its subsidiary's criminality; there is no evidence it should have known about the corrupt conduct; and it conducted itself with “complete propriety” once the corrupt conduct was discovered, including co-operating with the SFO.
- The SFO's investigation included information from the company's auditors, indicating the potential exposure these firms also have in these circumstances.

## 56

**Simon Davies and Robert Gillam (June 2016)**

Simon Davis (46) and Robert Gillam (66) were directors of a UK company which supplies battle technology. It was found that in 2009 they approached a US businessman and former director of a US defence contractor Robert W Gannon to obtain a £5 million contract to supply bomb disposal equipment to British and US troops in Afghanistan. For a kickback of £120,000 to him they received inside information on the contract bidding process and advice on how to secure the contract from the defence contractor.

Robert W Gannon, the recipient of the kickback, had been apprehended by the US authorities and agreed to help the City of London Police pursue Messrs Davis and Gillam.

The company of which Messrs Davis and Gillam were directors is not alleged to have been involved in the bribery. They both pleaded guilty. At the time of writing, sentencing is pending.

**We comment as follows:**

- The case is a reminder that corruption does not only occur in high risk geographies. While the supplies were for Afghanistan, the nexus of the corruption was in the UK and US.
- The vigorous anti-corruption enforcement activity in the US and the cooperation of US and UK enforcement agencies represents a very real prospect of corrupt UK businessmen being exposed as a collateral consequence of US prosecutions.

## 55

**Peter Chapman (May 2016)**

Peter Chapman, 54, a former manager of an Australian polymer banknote manufacturer, Securrency PTY Ltd (“Securrency”), was convicted of four counts of making corrupt payments to a foreign official contrary to the Prevention of Corruption Act 1906. He was sentenced to two and a half years imprisonment (30 months on each count to be served concurrently).

Mr Chapman paid bribes to an agent of Nigerian Security Printing and Minting PLC in order to secure orders for the purchase of reams of polymer substrate from Securrency. The total value of the bribes he was convicted of paying to the agent was approximately US\$205,000.

The judge found that he had paid the bribes while under “considerable pressure” from his superiors at Securrency to achieve sales. They had encouraged or at least connived in the corrupt activity, and the company benefited from “highly lucrative” sales in Nigeria of the polymer used to print banknotes: orders worth around €30 million (\$47 million). “I accept that you were put under considerable pressure



# Cases in the first half of 2016 continued...

by your superiors to achieve sales and you complained about that to them," the judge found, adding this was a significant factor in mitigating the sentence. "Senior management from the managing director down gave you the go-ahead [for the bribes]... The prosecution case throughout was that you acted with their encouragement or at least their connivance."

The official who received the bribe, who Mr Chapman had befriended at a business seminar in London some years earlier, is fighting extradition to the UK to stand trial.

Mr Chapman had argued unsuccessfully in his defence that the payments to the official were the repayment of loans of local Nigerian currency that Mr Chapman had received from him. That this explanation was not accepted by the jury might be explained by the complexity of the mechanism of certain of the payments to the official.

The first bribe for which Mr Chapman was found guilty moved from Securrency to a Seychelles company called SPT Ltd which Chapman had helped set up and was now acting as Securrency's agent in Nigeria. From there it went to another Seychelles company, Swingaxle, (Mr Chapman's own company), before going into the UK bank account of the official.

The second bribe went from Securrency, to SPT, to Swingaxle. It passed through two of Swingaxle's Seychelles bank accounts then ended up at a company in Nigeria that the official had set up. The company had no obvious connection to the official and he had used signatures and photographs of other people to set up its bank account.

The third and fourth bribes were also paid to Swingaxle, but from an unknown source.

The Reserve Bank of Australia ("RBA") and Securrency referred allegations of corruption to the Australian Federal Police in May 2009 (i.e. before the Bribery Act, hence the prosecution under the pre-Bribery Act legislation). The allegations were that Securrency, at the time jointly owned by RBA and UK manufacturing firm Innovia Films Ltd, paid bribes to foreign government officials via agents in order to secure contracts with certain governments in Asia and Africa for the printing of banknotes.

Mr Chapman's conviction followed a joint investigation by the SFO and the Australian Federal Police into Securrency International PTY Ltd. Commenting on the conviction, the Director of the SFO noted that this had been a long, detailed investigation and a complex prosecution involving assistance from a wide range of jurisdictions. The SFO thanked the Australian Federal Police, the National Crime Agency, the Metropolitan Police, the Nigerian Economic and Financial Crimes Commission, the Central Authority of Nigeria and authorities in Brazil, the Seychelles, South Africa, Canada and Spain for their assistance in the case.

Due to time already served, Mr Chapman serves the remainder of his sentence on licence. He had spent 358 days in jail in the UK awaiting trial and 162 days in custody in Brazil (where he had resided) pending extradition. The judge accepted in mitigation that Mr Chapman's experience in prison in Brazil had been "to put it mildly, very unpleasant". He had been in custody in Ary Franco prison, which

featured in a United Nations committee report on torture in Brazil. "They found the conditions reflected pronounced disregard for the dignity of inmates" Mr Chapman's counsel pointed out. The cells were dilapidated, "generally dark, filthy, stuffy and infested with cockroaches and other insects". Each cell had two bunk beds but held up to thirty prisoners, many sleeping on the floor. Poor maintenance resulted in serious health problems for inmates. In some cells sewage leaked from the ceilings. "It's pretty shocking" he stated.

## We comment as follows:

- ▶ The case highlights the increased corruption risk of businesses whose main customers, because of the nature of their products, are overseas governments in countries with perceived poor ethical and governance standards.
- ▶ It underlines that the UK courts regard bribery to be a serious offence. "The offences are undoubtedly so serious that only a custodial sentence is justified," the judge concluded. One implication of bribery being a serious offence is the possibility of extradition proceedings.

## 54 Elena Kotova (April 2016)

Elena Kotova, 61, former executive director of the European Bank for Reconstruction and Development ("EBRD") who lived in London while employed at the bank, was ordered by the High Court to comply with a civil recovery order to surrender suspected criminal assets. The civil recovery order had been pursued by the UK National Crime Agency ("NCA"). The NCA had sought the order at the request of City of London Police, which investigated the alleged corruption of Ms Kotova.

Ms Kotova was a former World Bank and International Monetary Fund official. The EBRD was set up to help former communist countries to establish capitalist economies.

The bank started an internal investigation into bribery claims in 2010.

The assets comprised a Mayfair apartment valued at over £1.5 million and monies in two bank accounts, totalling approximately £230,000.

In its civil recovery application, the NCA submitted that Ms Kotova had used her position to make substantial personal profit through bribery and corruption. The NCA alleged that between 2005 and 2011, Ms Kotova was engaged in soliciting corrupt payments from her clients in return for assistance in securing funding for their projects and laundering the proceeds of these bribes through an offshore company. The NCA submitted it was these funds that were subsequently used to fund the purchase of the Mayfair flat.

In March 2016 Ms Kotova agreed to settle the NCA's civil recovery claim.

No criminal conviction is required to recover the funds by way of a civil recovery order, and the court has to decide whether, on the balance of probabilities, the funds have been acquired through illegal activities.

Ms Kotova returned to Russia in 2011 and now writes fiction.

Police stated that if she were to return to Britain she would be arrested on suspicion of bribery and corruption offences.

## 53 Braid Group Holdings Limited (April 2016)

Braid Group (Holdings) Limited ("Braid") is the parent holding company for various subsidiary companies, including Braid Logistics (UK) Limited ("Braid UK"), which is based in Glasgow. Braid specialises in freight and logistics (mainly bulk liquid).

The Civil Recovery Unit ("CRU") in Scotland was established in 2003 to act on behalf of the Scottish Ministers to recover property and cash which have been acquired through crime. The CRU reports to the Lord Advocate and the Solicitor General.

In April 2016, the CRU announced that it had recovered £2.2 million under an agreed civil settlement with Braid, which accepted that it had obtained business through unlawful conduct. Braid had become aware of potentially dishonest activities in relation to two Braid UK freight forwarding contracts in 2012. The company initiated an investigation, which revealed there had been breaches of the terms of the Bribery Act 2010.

The first contract related to an agreement between a Braid UK officer (no longer with the company) and an employee of a customer. An account was used as a means for unauthorised expenses to be incurred by the customer's employee and was funded by the dishonest inflation of invoices provided to the customer. The expenses included personal travel, holidays, gifts, hotels, car hire and cash.

During the investigation into this contract, separate bribery offences in relation to a second customer were discovered. A profit sharing arrangement with a director of the customer company had been operated, where the profit achieved on services provided to the customer was split, in return for orders continuing to be placed with Braid UK.

In view of any criminal investigation into particular individuals that may follow (as distinct from the company that is the subject of the civil settlement) the CRU has not provided further details of the corrupt payments.

As a consequence of the investigation, Braid voluntarily made a self-report to the Crown Office and accepted that they failed in their responsibility to prevent this happening, similarly accepting responsibility for a contravention of Sections 1 and 7 of the Bribery Act 2010.

Under the self-reporting initiative in Scotland (which is separate to that in the rest of the UK), the case was deemed suitable for civil recovery settlement based on the gross profit made in relation to the relevant contracts.

In addition to the CRU settlement, there has been private legal proceedings involving Braid and its former UK CEO, who was also a shareholder and who was found to have had knowledge of, and been complicit in, the bribery. The litigation concerned his dismissal for misconduct and the resulting compulsory purchase of his shareholding at par value, a significant discount of some £18 million to the market value. He sued the other shareholders for "unfairly prejudicial conduct" under Section 994 of the Companies Act 2006. The court held that because of his conduct, the company's board was entitled to rely on a provision in the company's Articles of Association which provided for a par valuation where the dismissed director was a "bad leaver".

We understand this decision is being appealed.

## We comment as follows:



- ▶ The corrupt arrangements were again instigated in the UK. This is a reminder of the need to include UK and head office based activities within the scope of anti-bribery and corruption governance.
- ▶ The facts of this case reflect our experience that where one bribery scheme is uncovered, then there is a strong possibility that other related schemes of a different nature may also exist. The scope of investigations ought not, therefore, to be too narrowly defined, especially in the context of self-reporting. The enforcing authority is likely to ask how the company has satisfied itself that it has identified everything that ought to be reported.
- ▶ The case is a reminder of the serious consequences that a director or senior officer directly involved in bribery may face. The nature and extent of these consequences will of course depend upon the facts and whether criminal, civil or regulatory consequences result, but they may include: significant fines and up to ten years' imprisonment; disqualification from acting as a director; civil recovery orders and confiscation of property; payment of compensation; loss of rights as a director or shareholder, which may, as in this case, have significant commercial value; loss of reputation and therefore livelihood.
- ▶ The case also highlights some of the issues that organisations must be alive to when investigating the conduct of a director and shareholder suspected of bribery. The former CEO of Braid UK argued that the company's affairs were conducted in an unfairly prejudicial manner, including the conduct of the internal investigation and subsequent disciplinary proceedings against him: the other directors had an obvious interest in the outcome of the investigation, for example. It is important for any investigation, especially one in such sensitive circumstances where other shareholders and/or directors stand to benefit from a particular outcome, to be conducted in a rigorous, fair and unbiased manner. The involvement of suitably qualified independent forensic accountants and solicitors taking their instructions from and reporting to a sub-committee of the Board (rather than, say, an individual director) is one important aspect of this.

## Abbreviations

CoLP	City of London Police
COPFS	Crown Office & Procurator Fiscal Service
CJA	Criminal Justice Act 1967
CLA	Criminal Law Act 1977
CPS	Crown Prosecution Service
CRO	Civil Recovery Order
CRU	Civil Recovery Unit
DoJ	US Department of Justice
DPA	Deferred Prosecution Agreement
DPP	Director of Public Prosecutions
ECU	Economic Crime Unit
FCA	Financial Conduct Authority
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act 2000
MPS	Metropolitan Police Service
NCA	National Crime Agency
OECD	Organisation for Economic Co-operation and Development
PCA	Prevention of Corruption Act 1906
POCA	Proceeds of Crime Act 2002
SAR	Suspicious Activity Report
SEC	Securities and Exchange Commission
SFO	Serious Fraud Office
SOCA	Serious Organised Crime Agency
SOCD	Serious Organised Crime Division

## Contacts

### Fraud Investigation & Dispute Services

	Jim McCurry +44 (0)20 7951 5386	 <a href="mailto:jmccurry@uk.ey.com">jmccurry@uk.ey.com</a>
	John Smart +44 (0) 20 7951 3401	 <a href="mailto:jsmart@uk.ey.com">jsmart@uk.ey.com</a>
	Jonathan Middup +44 (0) 121 535 2104	 <a href="mailto:jmiddup@uk.ey.com">jmiddup@uk.ey.com</a>
	David Lister +44 (0) 131 777 2308	 <a href="mailto:dlist@uk.ey.com">dlist@uk.ey.com</a>
	Steve Caine +44 (0) 20 7951 4433	 <a href="mailto:scaine@uk.ey.com">scaine@uk.ey.com</a>

To subscribe to receive future editions of the UK Bribery Digest email [FIDS.UKI@uk.ey.com](mailto:FIDS.UKI@uk.ey.com)

Case reference	Date	Name	Sector	Enforcement agency notified	Enforcement agency	Source of enquiry	Self-reported?	Date of transactions	Value of business advantage gained	Value of bribe	Location of transactions	Legal basis of action	Financial penalty	Basis of financial penalty	Other penalties	Other financial effects
57	July 2016	Small to medium sized enterprise		November 2012	SFO	Internal investigation	Yes	2004 to 2012	£6.5m (gross profit on contracts)			Criminal: S.1 CLA Criminal: S.7 Bribery Act	£6,201,085 £352,000	Disgorgement of gross profit Fine	Compliance with terms of DPA including annual reporting to the SFO on anti-bribery compliance programme	
56	June 2016	Simon Davies Robert Gillam	Defence		CoLP	FBI referral	No	2009	£5m (contract value)	£120,000	UK and US				Sentencing pending	
55	May 2016	Peter Chapman	Manufacturer	May 2009	SFO Australian Federal Police	Australian Reserve Bank referral	No	2009	€30m (sales value)	US\$205,000	Nigeria	Criminal: PCA			2.5 years imprisonment	
54	April 2016	Elena Kotova	Banking		NCA CoLP	Internal investigation	No	2005 to 2011			UK	Civil: CRO	£1.5m (property) £230,000 (cash)	Surrender of assets acquired using corrupt funds		
53	April 2016	Braid Group Holdings Limited	Freight and logistics		COPFS	Internal investigation	Yes	2012	£2.2m (gross profit on contracts)		UK	Civil: POCA (Part 5)	£2.2m	Profit on contracts corruptly obtained		
52	December 2015	Sweett Group plc	Construction	July 2014	SFO	Press allegations	No	2012 to 2015	US\$100m (value of contract)	US\$3.5m	Middle East	Criminal: S.7 Bribery Act	£1.4m £851,152	Fine Confiscation		£95,032 SFO costs
51	November 2015	Standard Bank plc	Banking	April 2013	SFO	Internal investigation	Yes	March 2013	US\$8.4m (profit on contract)	US\$6m	Tanzania	Criminal: S.7 Bribery Act	US\$8.4m US\$16.8m US\$7m	Disgorgement of profit Fine Compensation to Government of Tanzania	Compliance with terms of the DPA, including independent review of its existing anti-bribery and corruption controls	£330,000 SFO costs
50	November 2015	Barclays Bank plc	Banking	November 2014	FCA	FCA	No	2011 to 2012	£52.3m (revenue from transaction)			Civil: S.206 FSMA	£52.3m £19,769,400	Disgorgement of revenue Fine		
49	October 2015	22 individuals (re case 20)	Public Service	August 2011	MPS	Press investigation	No	2010 to 2011			UK				Imprisonment (sentences of between 4 and 18 months)	
48	September 2015	Anthony Bodgin Kevin Wingrave Gary Rawlings Harold McGirl Lynda McMayon	Public sector	2011	CPS	Police investigation	No	2005 to 2011	£2.3m (value of contracts) £88,830 (value of contract) £81,000 (value of contract)	£400,000 (Bodgin) £262,746 (Wingrave) £33,000 (Rawlings) £5,000 (McGirl)	UK	Criminal: S.1 CLA Criminal: S.4 Fraud Act Criminal: S.327 POCA			3 years and 6 months imprisonment 3 years and 6 months imprisonment Suspended sentence Suspended sentence Suspended sentence	
47	September 2015	Brand-Rex Limited	Manufacturing	June 2015	COPFS	Internal investigation	Yes	2008 to 2012	£212,800		UK	Civil: POCA (Part 5)	£212,800	Gross profit obtained		
46	September 2015	Guido Bakker Sijbrandus Scheffer	Pharmaceutical / International development	2007	CoLP	UN investigation	No	2004 to 2007	\$43m (value of contract)	\$1m	Denmark and UK				12 months imprisonment 15 months imprisonment	
45	June 2015	Charles Owenson James Costello Kevin Balmer Brendan Cantwell	Construction/ Public sector	2010	COPFS	Whistleblower	No	2006 to 2010		£42,521 in cash (£28,387 paid to Owenson and £14,134 paid to Costello) £30,249 in hospitality	UK	Criminal: Public Bodies Corrupt Practices Act 1889 Criminal: POCA			4 years and 4 months imprisonment 3 years and 9 months imprisonment 2 years and 10 months imprisonment and disqualified from acting as a director for 5 years 2 years and 3 months imprisonment and disqualified from acting as a director for 5 years	Proceedings against all four individuals with a view to recovery of stolen funds
44	May 2015	Graham Marchmont (re case 23)	Oil and Gas	April 2008	SFO CoLP	Whistleblower	No	2004 to 2008	Approx £40m (value of contracts)	US\$250,000 (for OASR Gas Gathering Project, Egypt) £357,000 and US\$229,000 (for Sakhalin Island Project, Russia)	Egypt, Russia and Singapore	Criminal: S.1 CLA			30 months imprisonment 16 months imprisonment	
43	April 2015	Delroy Facey Moses Swaibu	Football/gambling	November 2013	NCA	Press investigation	No	November 2013		£2,000	UK	Criminal: S.1 CLA			30 months imprisonment 16 months imprisonment	
42	March 2015	Bank of Beirut	Banking	March 2013	FCA		No	2011 to 2013				Civil: S.206 FSMA	£2.1m	Fine (bank)	Stopped from acquiring new customers from high risk jurisdictions for 126 days	
41	December 2014	Anthony Willis (compliance officer) Michael Allin (internal auditor)	International Tubular Services Limited	November 2013	COPFS	Acquisition due diligence	Yes		£172,200 (profit on contract)		Kazakhstan	Civil: POCA (Part 5)	£172,200	Profit on the contract corruptly obtained		
40	December 2014	Christopher Smith  Nicholas Smith  Smith and Ouzman Limited	Security printing	October 2010	SFO		No	November 2006 to December 2010	£2,220,520	£395,074	Kenya and Mauritania	Criminal: S.1 PCA	£4,500 £75,000	Confiscation order (C. Smith) Costs (C. Smith)	18 months imprisonment suspended for 2 years, 250 hours unpaid work, 3 month curfew and disqualified from acting as a director for 6 years 3 years imprisonment and disqualified from acting as a director for 6 years	
39	December 2014	Gary West (Director of Sustainable AgroEnergy plc) Stuart Stone	Investment fund		SFO		No	April 2011 to February 2012	£23m of investment funds	US\$2.2m	UK	Criminal: S.2(1) and (2) Bribery Act  Criminal: S.1(1) and (2) Bribery Act	£52,805  £1,141,680	Confiscation order  Confiscation order	4 years imprisonment (concurrent with fraud offences) and disqualified from acting as a director for 15 years 6 years imprisonment (concurrent with fraud offences) and disqualified as a director for 10 years	
38	July 2014	FHR European Ventures LLP v Mankariou and others	Hotels					December 2004		€10m	Monaco	Civil: breach of fiduciary duty				Order to deliver up €10m
37	July 2014	Bruce Hall	Metals	June 2009	SFO CoLP		No	1998 to 2006		£2.9m US\$0.9m	Bahrain	Criminal: S.1 PCA Criminal: S.1 CLA Criminal: S.329 and S.327 POCA Civil: POCA (Part 5)	£3,070,106 £500,010	Confiscation order Compensation	16 months imprisonment (reduced from 6 years for cooperation and guilty plea)	£100,000 towards prosecution costs US\$900,000 disposal by consent
36	June 2014	Dennis Kerrison  Miltiades Papachristos Paul Jennings David Turner  (Former directors of Innospec Limited)	Chemicals	October 2007	SFO	UN Independent Inquiry Committee	No	14 February 2002 to 31 December 2006 (indictment period)	US\$160m (value of contracts)	US\$2.9m in kickbacks	Indonesia	Criminal: S.1 CLA			3 years imprisonment (reduced from 4 years on appeal) 18 months imprisonment 2 years imprisonment 16 months imprisonment suspended with 300 hours unpaid work	Pending confiscation proceedings  Pending confiscation proceedings £5,000 towards prosecution costs £10,000 towards prosecution costs
35	June 2014	Chann Sankaran Krishna Ganeshan Michael Boateng	Football/gambling	November 2013	NCA	Press investigation	No	November 2013		€450/€60,000 fund	UK	Criminal: S.1 CLA			5 years imprisonment 5 years imprisonment 16 months imprisonment	
34	March 2014	Besso Limited	General insurance broking		FCA		No	January 2005 to October 2009			Various	Civil: S.206 FSMA	£315,000	£450,000 under the Old Penalty Regime less 30% discount for early settlement	Besso was required to requisition a S.166 Skilled Person report	
33	February 2014	Constantin Medien AG v Ecclestone and others	Sport					May 2005		US\$44m		Factual finding of bribery within a wider civil claim				
32	February 2014	Otkritie International Investment Management and others v Urumov	Securities trading					November and December 2010		Approximately US\$12m in total	London and Moscow	Civil: Deceit, tort of bribery and/or dishonest assistance; conspiracy and breach of fiduciary duty			Damages of US\$23m and concurrent delivery of US\$12,044,114	
31	December 2013	JLT Speciality Limited	Insurance broking		FCA	FCA review	No	February 2009 to May 2012	£20.7m (gross commissions from business from overseas introducers) £11.7m (commissions paid to overseas introducers)		Global: various countries are cited – Argentina, Bahamas, Cameroon, China, Ecuador, Egypt, Gabon, Nigeria, Sudan	Civil: S.206 FSMA	£1,876,000	£1m under the Old Penalty Regime less 30% early settlement discount. Under New Penalty Regime: Relevant revenues £14,000,115 x 10% plus 20% for aggravating factors less 30% early settlement discount		
30	April 2013	Yang Li	Education		Avon and Somerset Constabulary	Individual who was offered bribe	No	November 2012		£5,000	UK	Criminal: S.1 Bribery Act			12 month bribery charge, 6 months firearms charge	£4,880 towards prosecution costs
29	December 2012	Mawia Mushtaq	Public service	October 2011	Greater Manchester Police CPS	Individual who was offered bribe	No	October 2011		£200 or £300	UK	Criminal: S.1 Bribery Act			2 months imprisonment suspended for 12 months and a 2 month curfew from 6pm to 6am	

28	November 2012	Abbot Group Limited	Oil and gas	July 2012	COPFS	Tax audit	Yes	2007	Contracts with profit totalling US\$8.9m (£5.6m)			Civil: POCA (Part 5)	£5.6m	Profit on contract corruptly obtained		
27	July 2012	Oxford Publishing Limited (part of Oxford University Press)	Publishing	November 2011	SFO	World Bank investigation	Yes	2007 to 2010	Contracts with profit totalling US\$2.9m (£1.9m)		East Africa	Civil: POCA (Part 5)	£1,895,435	Revenue generated from unlawful conduct	World Bank debarment for 3 years Independent monitor for 12 months	£12,500 of costs to the SFO US\$500,000 paid to World Bank Voluntary contribution of £2m to not-for-profit organisation
26	June 2012	Andrew Behagg David Baxter John Maylam John Maylam	Food retailing	2008	CoLP	Audit	No	January 2006 to January 2008	Total of £8.7m overcharge of contracts totaling £40m	£4.9m	UK	Criminal: S.1 PCA Criminal: S.329 POCA			3 years and 6 months imprisonment 2 years and 6 months imprisonment 4 years imprisonment	
25	May 2012	Syed Jaffery Priopal Gill	Banking				No	May 2007 to May 2010	Approx £16m (value of loans)		UK	Civil: Breach of fiduciary duty and bribery				
24	March 2012	James McGeown William Marks John Symington Carol Kealey	Government procurement (CCTV contracts)	2002	Ministry of Defence Police SFO	Whistleblower	No	January 1998 to February 2004	£16.2m (value of contracts)	£84.5k	UK	Criminal: S.1 PCA Criminal: article 47 (2) Proceeds of Crime (Northern Ireland) Order 1996	£1m	Confiscation order	3 years imprisonment suspended for 2 years and 7 years disqualification as a director 2 years imprisonment suspended for 2 years 9 months imprisonment suspended for 2 years Conditional discharge	
23	January 2012	Andrew Rybak Ronald Saunders Philip Hammond Barry Smith	Oil and gas	April 2008	SFO CoLP	Whistleblower	No	2001 to 2009	Approx £70m (value of contracts)	US\$100,000 (10% of Styrene Monomer Project, Iran) US\$250,000 (for info re OASR Gas gathering Project, Egypt) £357,000 and US\$229,000 (for info re Sakhalin Island Project)	Iran, Egypt, Russia, Singapore and Abu Dhabi	Criminal: S.1 PCA		5 years imprisonment and 10 years disqualification as a director 3 years and 6 months imprisonment 3 years imprisonment and 10 years disqualification as a director 12 months imprisonment suspended for 18 months		
22	January 2012	Mabey Engineering (Holdings) Limited (parent company of Mabey & Johnson Limited)	Engineering (temporary bridges)	January 2007	SFO		No	2001 and 2002	Contracts totaling £8m+ (in Jamaica), £26m (in Ghana), £4.2m (in Iraq)	£131,000 (value of dividends)	Iraq	Civil: POCA (Part 5)	£131,000	Dividends received by parent company derived from contracts won by subsidiary through unlawful conduct		£2k in costs
21	November 2011	Mazhar Majeed Salman Butt Mohammad Asif Mohammad Amir	Cricket/gambling			Press investigation	No	August 2010		£150,000	UK	Criminal: S.1 CLA			32 months imprisonment 30 months imprisonment 12 months imprisonment 6 months imprisonment	£105k between them in prosecution costs
20	October 2011	Munir Yakub Patel	Public service		CPS	Press investigation	No	August 2011		£500	UK	Criminal: S.2 Bribery Act			3 years imprisonment	
19	July 2011	Macmillan Publishers Limited (MPL)	Educational materials	December 2009	SFO CoLP	World Bank report	Yes	2002 to 2009	£11.26m (value of contracts)		Rwanda, Uganda and Zambia	Civil: POCA (Part 5)	£11.26m	Revenue received from potentially unlawful conduct	MPL debarred from World Bank contracts for minimum 3 years SFO approved monitor put in place	MPL pay all investigation costs. MPL pay £27,000 SFO costs. MPL withdrew from all public tenders in education business in East and West Africa. Loss of bid securities
18	July 2011	Willis Limited	Wholesale insurance and reinsurance broking		FSA	FSA and SARs filed with SOCA	No	2005 to 2009	£32.7m (net insurance commissions earned) £27m (insurance commissions paid)	£140,600	"High risk jurisdictions" Egypt, Russia and Argentina cited	Civil: S.206 FSMA	£6.895m	FSA fine considering "all relevant circumstances" High standards of regulatory conduct	Willis to carry out a review of past payments to overseas third parties "Significant" financial and management time costs per the FSA	Willis pay costs of investigation
17	April 2011	DePuy International Limited	Medical goods	October 2007	SFO	Internal whistleblower Referred to SFO by DOJ	No	1998 to 2006	£14.8m (profit on contracts) £4.5m (payments to Greek officials)	US\$7.37m (£4.5m)	Greece	Civil: POCA (Part 5)	£4,829m	Had regard to penalties, settlements and seizures in US and Greece		DePuy pays prosecution costs
16	April 2011	Mark Jessop	Medical goods	December 2005	SFO	UN Independent Inquiry Committee	No	2000 to 2003	US\$12.3m (value of contracts)	€339,900	Iraq	Criminal: The Iraq (United Nations Sanctions) Order 2000	£150,000	Fine – payable to the Development Fund for Iraq	24 weeks custodial sentence	Jessop pays prosecution costs of £25,000
15	February 2011	Aftab Noor al-Hassan Riad El-Taher	Oil and gas	October 2005	SFO	UN Independent Inquiry Committee	No	2001 to 2002	US\$220m oil value (with profits of US\$4.4m) US\$50m oil value (with profits of US\$600k)	US\$1.6m US\$0.5m	Iraq	Criminal: The Iraq (United Nations Sanctions) Order 2000			16 months imprisonment suspended for 2 years 10 months imprisonment	
14	February 2011	MW Kellogg Limited (MWKL)	Oil and gas	October 2009	SFO	French prosecutors	Yes	1995 to 2004	US\$6bn (total value of contracts)	US\$182m (paid to government officials)	Nigeria	Civil: POCA (Part 5)	£7.028m	Amount of share dividends payable from profits of parent company derived from contracts obtained by bribery and corruption	MWKL to overhaul its internal audit and control measures	MWKL pay costs of investigation
13	February 2011	Richard Forsyth David Mabey Richard Cledhill (Mabey & Johnson Limited)	Engineering (temporary bridges)	January 2007	SFO		No	2001 and 2002	£4.2m (contract revenues)	£420,000 payments to Iraq government	Iraq	Criminal: The Iraq (United Nations Sanctions) Order 2000			21 months imprisonment and 5 years disqualification as a director 8 months imprisonment and 2 years disqualification as a director 8 months imprisonment suspended for 2 years	£75,000 of prosecution costs £125,000 of prosecution costs
12	December 2010	BAE Systems plc	Defence	2004	SFO	Investigative Journalism	No	1999 to 2005	US\$39.97m (contract value)	US\$12.4m (payments to intermediaries)	Tanzania	Criminal: S.221 Companies Act 1985	£500,000 £29.5m	Fine Ex-gratia payment for the benefit of the people of Tanzania		Remediation as set out in the Report of Lord Woolf £225,000 in SFO costs
11	December 2010	Weir Group plc	Oil and gas services	2004	COPFS	UN Independent Inquiry Committee	No	2000 to 2002	£13.9m (profit on contracts)	£3m kickbacks	Iraq	Civil: POCA (Part 5) (referencing S.221 Companies Act 1985) Criminal: The Iraq (United Nations Sanctions) Order 2000	£13,945,962 £3m	Profit on contracts Fine		
10	October 2010	Julian Messent (PWS International Limited)	Insurance broking	October 2005	SFO CoLP	Foreign and Commonwealth Office	No	February 1999 to June 2002		US\$1,982,230 as inducements or rewards	Costa Rica	Criminal: S.1 PCA	£100,000	Compensation to the Republic of Costa Rica		21 months imprisonment and 5 years disqualification as a director
9	June 2010	Paul Kent SIlinder Singh Sidhu Stuart Ford Rebecca Hoyle Sarah Kent  (Learning Skills Council (LSC))	Government funded training programmes	July 2006	SFO West Mercia Police	LSC Whistleblower	No	June 2003 to August 2005	£1.3m (contract value)	£270,000 kickbacks	UK	Criminal: S.1 PCA Criminal: S.329(1)(b) POCA (money laundering) Criminal: S.328(1) POCA (acquisition, retention, use or control of criminal property) Criminal: S.16 Theft Act 1968 (pecuniary advantage by deception)			4.5 years imprisonment 3 years imprisonment 2 years imprisonment 1 year imprisonment suspended for 2 years 12 months imprisonment suspended for 2 years and 200 hours unpaid work and 12 month supervision order	
8	April 2010	Robert Dougal (DePuy International Limited)	Medical goods		SFO West Yorkshire Police	Internal whistleblower Referred to SFO by DOJ		1998 to 2006	£14.8m (profit on contracts)	£4.5m (payments to Greek officials)	Greece	Criminal: S.1 PCA			12 months prison term suspended for 2 years on appeal	
7	March 2010	Innospec Limited	Chemicals	October 2007	SFO	UN Independent Inquiry Committee	No	14 February 2002 to 31 December 2006 (indictment period)	US\$160m (value of contracts)	US\$2.9m in kickbacks	Indonesia	Criminal: S.1 CLA 1977 (conspiracy to corrupt) Criminal: S.1 PCA	US\$6.7m US\$6m	Confiscation penalty in respect of Indonesian corruption Civil recovery of which US\$5m to UN Development Fund for Iraq (penalties taking into account the ability to pay)	SFO appointed monitor	No further funds available to fund confiscation or compensation Innospec to pay costs of a monitor for up to three years
6	October 2009	AMEC plc	Engineering and project management	March 2008	SFO		Yes	2005 to 2007		US\$9m	South Korea	Civil: POCA (Part 5) (referencing S.221 Companies Act 1985)	£4.95m			Contribution to costs of the Civil Recovery Order External consultant appointed
5	September 2009	Mabey & Johnson Limited	Engineering (temporary bridges)	January 2007	SFO		Yes	1993 to 2002	Iraq: £4.2m (contract revenues) Jamaica: £8m+ (contract revenues) Ghana: £26m (contract revenues)	Iraq: £420,000 payments to government Jamaica: £200,000 payments to officials Ghana: £470,000 payments to officials	Iraq, Jamaica and Ghana	Criminal: S.1 CLA	Iraq £2m Jamaica £750,000 Ghana £750,000	Fine Fine Fine	Iraq reparations £618,000 Jamaica reparations £139,000 Ghana reparations £658,000 Confiscation order £1.1m	First year monitoring costs up to £250,000 SFO costs £350,000
4	January 2009	Aon Limited	Insurance broking	April 2007	FSA	SAR filed with SOCA and FSA	No	January 2005 to September 2007	US\$7.1m and €1m (revenues arising)	US\$2.5m and €3.4m to intermediaries	Bahrain, Bulgaria, Myanmar, Bangladesh, Indonesia, Vietnam	Civil: S.206 FSMA	£5.25m			
3	October 2008	Balfour Beatty plc	Engineering and construction services	April 2005	SFO		Yes	1998 to 2001			Egypt	Civil: POCA (Part 5) (referencing S.221 Companies Act 1985)	£2.25m			Contribution to costs of the Civil Recovery Order External monitor appointed
2	September 2008	Niels Tobiasen (CBRN) Ananias Tumukumbe	Security consulting services		CoLP CPS	SAR	No	May 2007	£500,000+ (value of contracts)	£83,000 payments to officials	Uganda	Criminal: S.1 PCA			5 months jail sentence suspended for a year 1 year jail sentence; subsequently deported	
1	April 2008	Shinder Singh Gangar  Alan White Nigel Heath (Dobb White & Co)	High yield investments	September 2002	SFO Leicestershire Police ECU	A separate SFO investigation	No			US\$500,000 bribe	US	Criminal: S.1 CLA			18 months jail sentence for corruption and 6 years for fraud 18 months jail sentence for corruption and 6 years for fraud 6 months jail sentence	

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

#### About EY's Fraud Investigation & Dispute Services

Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to succeed. Better management of fraud risk and compliance exposure is a critical business priority – no matter the industry sector. With over 4,500 fraud investigation and dispute professionals around the world, we can assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. We work to give you the benefit of our broad sector experience, our deep subject-matter knowledge and the latest insights from our work worldwide.

#### Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2016 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

ED None



In line with EY's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com/uk/FIDS](http://ey.com/uk/FIDS)