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## International News

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### **Afghanistan**

#### **Kabul mayor sentenced for corruption**

Mir Abdul Ahad Sahebi, the mayor of Kabul, was sentenced to four years in prison in relation to corruption charges. He was released on bail pending appeal, but was subsequently sacked from office, and replaced as mayor by Mohammad Younus Nawhandish, a civil engineer. A presidential spokesman said that the dismissal was not linked to the conviction. The sentencing of Sahebi was the first high-profile corruption conviction since President Karzai came under renewed Western pressure to crack down on corruption after winning a second term in presidential elections last year.

### **Angola**

#### **New anti-corruption law to be passed**

President Jose Eduardo dos Santos announced in February that Angola would pass a new law to end widespread corruption and embezzlement in one of Africa's biggest oil producing nations, and that consulting firm Ernst & Young will help the Angolan government carry out a complete overhaul of the way public money is managed. Angola is one of the world's 18 most corrupt nations according to a survey by Transparency International, and despite its vast oil and mineral wealth, an estimated two-thirds of Angolans live on less than \$2 a day, according to the World Bank.

### **Bahrain**

#### **Bahrain to form anti-corruption authority**

Bahrain announced a plan to establish an authority to combat corruption cases in the public and private sectors. The authority will be under the supervision of the Criminal Investigation Department and will be responsible for tracking corruption and detecting perpetrators. A hotline will also be launched through which the new authority could receive corruption-related intelligence information and complaints, leading to legal action being taken once evidence is established.

### **Botswana**

#### **Corruption in Ministry of State President**

The Directorate of Corruption and Economic Crime reported that the Ministry of the State President is one of the most corrupt in the country in terms of the number of corruption reports filed against it, coming third after Local Government and Works and Transport. The Ministry of State President is made up of three ministries, the Ministry of Justice Defence and Security, the Office of the President and the Ministry of Presidential Affairs and Public Administration. A DCEC spokesman said that a lot of the reports filed against the Ministry of State President involved procurement and corruption by public officers.

### **China**

#### **Increase in detected corruption**

The Central Commission for Discipline Inspection, China's anti-corruption watchdog, has said that 106,000 officials were found guilty of corruption in 2009, an increase of 2.5% on the year before. The government says the increase is due to better supervision of the problem. The anti-corruption watchdog has said it will target corrupt executives of state-owned enterprises. A number of senior executives are already being investigated or have been convicted for taking bribes or other charges, such as falsifying accounts. The former head of oil giant Sinopec, Chen Tonghai, was sentenced to death last year for taking nearly \$30m in bribes. His sentence has been suspended for two years, which means it is likely to be commuted to life in prison. The head of the China National Nuclear Corporation - overseeing the country's nuclear industry - was dismissed and is under investigation over allegations of bid rigging in nuclear power plant construction worth \$260m. Analysts say the system of the government appointing executives to state-owned corporations and a lack of subsequent supervision allows corruption to flourish.

### **China**

#### **Senior judge jailed for life over corruption**

Huang Songyou, a former Supreme Court judge, was sentenced to life in prison for taking bribes and other corruption charges. He was convicted of accepting 3.9m yuan (\$570,000; £348,000) in bribes while he was deputy head of the Supreme Court.

### **China**

#### **China indicts Rio Tinto staff on bribery charges**

A Chinese court has indicted an Australian and three Chinese employees of the British-Australian mining company, Rio Tinto, charging them with accepting bribes and stealing trade secrets. The indictments, announced through Xinhua, the state news agency, are the latest development in a case that began last summer when the four employees were detained for allegedly stealing state secrets and harming China's economic interests. China is no longer pursuing the espionage accusations. The case has apparently caused concern among Western companies in China, raising fears that other executives could be accused of bribery or arrested because of commercial disputes with Chinese companies.

### **Costa Rica**

#### **Alcatel-Lucent to pay \$10 million in Costa Rica case**

Telecom equipment maker Alcatel-Lucent agreed to pay \$10 million to settle a corruption case in Costa Rica. The case related to allegations that Alcatel-Lucent had paid kickbacks to former Costa Rican President Miguel Angel Rodriguez and other government officials in return for a 2001 contract worth \$149 million to supply cellular telephone equipment. Rodriguez, who was in office from 1998 to 2002, is set to go on trial this year for corruption. The case apparently marks the first time in Costa Rica's history that a foreign corporation has agreed to pay the government damages for corruption.

**Czech Republic**  
**Anti-corruption measures introduced**

The caretaker government has proposed a series of anti-corruption measures. These include the offer of immunity from prosecution for key prosecution witnesses, the creation of police anti-corruption agents who are permitted to take part in criminal activities in order to gather information, and the tightening up of procurement rules for public contracts. However, doubts have been expressed by NGOs and some Czech politicians as to the effectiveness of the proposals. The leader of the main centre-right party, the Civic Democrats, attacked the package as unsystematic, artificial and in some aspects debatable. He singled out provisions giving the police greater powers to use wire taps as a backwards step.

**DR Congo**  
**Kabila dismisses thousands for corruption**

President Joseph Kabila reportedly sacked 119 managerial staff and employees and forcibly retired 2,569 others in his fight against corruption in the Democratic Republic of Congo. The dismissed staff worked for the Ministries of Finance and the Budget, the Tax Department, the Customs and Excise office, and the Directorate of Administrative Receipts and State Property. At the same time, some 1,500 agents in the public services concerned were promoted. In mid-2009, Kabila dismissed or retired almost 1,300 civil servants and more than 100 magistrates, again in the name of the fight against corruption.

**Dubai**  
**New law on corruption**

Dubai ruler Sheikh Mohammed bin Rashid Al Maktoum has issued a new law imposing tough penalties on perpetrators of financial crimes. Under the new law, persons convicted of fraud will face 5 to 20 years imprisonment. The law permits immediate release of convicts once they fully return the money to their lawful owners or through settlement agreements negotiated with their debtors. Imprisoned convicts will be granted access to conduct all necessary external communications that guarantee timely redemption of funds.

**France**  
**Jacques Chirac investigated for corruption**

The former French president Jacques Chirac has been put under formal investigation for his alleged role in a "ghost jobs" corruption scam. He is to be questioned about accusations he gave fictitious posts with large salaries and expense accounts to friends and political allies during his time as mayor of Paris. Chirac is accused of "illegally benefiting" from seven jobs given to aides who were allegedly paid for by city hall but were working for his rightwing political party. Chirac was also put under investigation of separate charges of misusing €4.5m of public funds to hire *chargés de mission* (special representatives) at city hall who worked for his political party. If the cases go to trial it will be the first time a modern French leader has faced justice on criminal charges. Chirac could also face 10 years in jail and a fine of €150,000.

**Germany**  
**Former arms trader goes on trial**

Former arms trader and lobbyist Karlheinz Schreiber went on trial for tax evasion. He is accused of failing to declare over \$17 million in kickbacks he allegedly received for the sale of helicopters to the Canadian coastguard and Airbus planes to Air Canada in the 1980s, as well as planes to Thailand and tanks to Saudi Arabia. Evidence allegedly suggests that Schreiber paid off former prime minister

Brain Mulroney. In 2005, a former junior German defence minister admitted to receiving over \$3 million from Schreiber. Schreiber is also accused of playing a central role in a slush fund scandal concerning Germany's political party, the Christian Democratic Union.

**Germany/Switzerland**  
**Swiss give banking info to Germany in Siemens case**

German prosecutors will receive new banking documents to aid their corruption investigation of Siemens AG after Switzerland's Federal Criminal Court allowed the transfer. Munich prosecutors are examining whether embezzlement and bribes took place with Siemens contracts in Malaysia. Siemens agreed last year to pay more than \$1 billion in fines to German and U.S. authorities for charges including international bribery connected to contracts.

**Germany**  
**World Bank debars Limited Liability Company Siemens (OOO Siemens)**

The World Bank announced that it has debarred Limited Liability Company Siemens (OOO Siemens), a Russian subsidiary of Siemens AG, for having engaged in fraudulent and corrupt practices in relation to a World Bank-financed project, the "Moscow Urban Transport Project". OOO Siemens has been debarred for four years in connection with violations committed prior to 2007. This debarment followed a comprehensive settlement that was agreed between the World Bank and Siemens AG in July 2009. The settlement arose out of a World Bank investigation and the company's acknowledgment of past misconduct in its global business.

**Germany**  
**Siemens launches US\$100 million integrity initiative**

Siemens AG will distribute funds totalling US\$100 million over 15 years to non-profit organizations worldwide that promote business integrity and fight corruption. "*Siemens stands for clean and sustainable business,*" said Peter Y. Solmssen, Member of the Managing Board and General Counsel of Siemens AG. The Siemens Integrity Initiative is part of the World Bank-Siemens AG comprehensive settlement that was agreed in July 2009.

**Germany**  
**Siemens suing two former executives**

Siemens AG is suing two former executives for a total of €20 million over allegations that they failed to halt bribery at the company, in respect of which the company agreed to pay \$1.6 billion to settle investigations in the US and Germany in 2008. The executives are former Chief Financial Officer Heinz-Joachim Neuburger and former management board member Thomas Ganswindt. The two lawsuits were filed in a Munich court. Siemens has previously reached settlements with former chief executive officers Heinrich von Pierer (to pay €5 million) and Klaus Kleinfeld (to pay €2 million); former board members Johannes Feldmayer, Juergen Radomski, Uriel Sharef, Edward Krubasik, Rudi Lamprecht and Klaus Wuchereras; and former Chairman Karl Hermann Baumann.

**Germany**  
**MAN fined €150.6 million for corruption**

MAN SE, Europe's third-largest truckmaker, was fined €150.6 million by a Munich court over bribery payments at its truck and turbo units. The fines apparently match the gains the company made as a result of the bribery.

**Ghana****Corruption investigation into sale of Ghana oil block**

US and Ghanaian authorities are investigating corruption allegations involving a Texas oil company, Kosmos, and its local partner, EO, that helped it secure control of the Ghanaian oil block, the Jubilee oil field. Kosmos is owned by US private equity groups Blackstone and Warburg Pincus. EO is reportedly a company set up by two political allies of John Kufuor, former Ghanaian president. It has a 3.5% stake in the offshore oil block which could be worth more than \$200m. It reportedly initiated the deal which brought Kosmos into Ghana three years earlier.

**Ghana****Independent body to manage oil money**

President John Evans Atta Mills has stated that the Ghanaian Government intends to establish an independent body to manage the revenue expected from the country's oil resource to ensure transparency and effective management. Although the President did not give details, he indicated that the formation of such an independent body was part of a comprehensive framework being developed by his administration for the proper monitoring and utilisation of oil resources for the benefit of Ghanaians. This was stated during a meeting with former American President Jimmy Carter who was in the country to attend the African Regional Conference on the Right of Access to Information. Mr Carter, whose Carter Centre was set up to provide humanitarian and developmental assistance to poor countries, called for more collaboration between the Government and the Centre towards improving the lot of underprivileged Ghanaians.

**India****The zero-rupee note**

A local NGO has invented the zero-rupee note. The note is not legal tender. It is simply a piece of paper the colour of a 50-rupee note with a picture of Gandhi on it and a value of nothing. Its aim is to shame corrupt officials into not demanding bribes. The idea belongs to an expatriate Indian physics professor from the University of Maryland who was harassed by endless extortion demands in India. He gave the notes to officials as a polite way of saying no. The NGO, called 5th Pillar, thought it might work on a larger scale, and has distributed one million such notes since 2007. The NGO believes that the notes work because corrupt officials so rarely encounter resistance that they get scared when they do, and ordinary people are more willing to protest, since the notes have an organisation behind them and they do not feel on their own.

**Indonesia****Corruption fight allegedly weakened**

Indonesia Corruption Watch (ICW) said that the fight against corruption in Indonesia had weakened during 2009. As a result of the proposed Anti-Corruption Bill, the Corruption Eradication Commission (KPK) may have its jurisdiction limited. Sentences for corruption may be reduced. The proposed regulation to restrict bugging telephone lines through the establishment of an agency to clear all wiretaps would also be a threat to the KPK's authority. In addition, KPK's performance had reportedly been poor because the commission only handled cases in which Rp 1 billion to Rp 20 billion had been stolen from the State. According to ICW, the KPK has also failed to investigate the so-called judicial mafia and has failed to investigate many corruption cases uncovered by the Supreme Audit Agency.

**Iraq  
Iraq joins EITI**

Iraq has joined the Extractive Industries Transparency Initiative, which encourages companies in the sector to disclose what they pay in taxes and royalties to governments, and for governments to disclose the receipt of such payments. EITI is a coalition of civil society groups, companies, governments, international organisations and investors focused on good governance in resource-rich countries. As a permanent member of EITI, Iraq will be required to issue annual reports on crude production and revenue, and oil companies working in the country will have to submit reports on production.

**Iraq****Iraqi deputy minister jailed for corruption**

An Iraqi court has jailed a former deputy Minister of Transport for eight years for bribery. Adnan al-Ubaidi, a Sunni Arab politician, was caught on camera in a sting in September taking a \$100,000 bribe from a foreign security firm. Earlier this year, former Trade Minister Abdul Falah al-Sudany was forced to resign in a scandal involving food imports and was detained while trying to leave Iraq.

**Jersey****Indian facing \$44mn corruption trial**

Raj Arjandas Bhojwani, an Indian citizen, has been charged by Jersey authorities of allegedly laundering \$44 million through the Bank of India branch on the island - an account that has now been frozen. He is said to have made the money from the sale of Tata trucks to the former Nigerian regime headed by the late military dictator Gen Sani Abacha in 1996-97.

**Kenya****UK withholds Kenya grant over corruption**

The British Government has withheld a Sh1.2billion grant over the disappearance of funds for the free primary education programme in two government ministries. British officials say the Ministries of Finance and Education have failed to account for Sh100million, budgeted for constructing new classrooms and buying text books for poor students.

**Kenya****Corruption in maize programme**

The Kenya Government commissioned an audit by PWC into alleged corruption in a program meant to provide subsidised maize to the poor. The audit found that Kenya has lost as much as \$26.1 million. Allegedly, the government-run National Cereals and Produce Board lost money by selling subsidised maize to fake companies, by selling maize that it had not been authorized to take from emergency stocks, and through delays in importing maize that forced Kenya to pay a price higher than planned because of rising food prices. PWC said that the managing director of the National Cereals and Produce Board and four other senior officials of the agency played a role in aiding the corrupt deals. They also said that three top bureaucrats who serve as trustees of the government's fund of the emergency maize stock were negligent for not ordering investigations or suspending further sales when millers wrote to them with serious allegations of corruption.

**Kenya**  
**US suspends \$7 million Kenya aid**

The United States suspended a seven-million-dollar programme for Kenya's education ministry over a corruption scandal. The US Ambassador stated that suspension would be effective "until there is a credible, independent audit and full accountability. ... Those culpable for the fraud should not merely be sacked; they should be prosecuted and put behind bars".

**Liberia**  
**Minister resigns over corruption allegations**

Laurence Bropleh, the Liberian information minister, has stepped down allegedly over accusations that he collected more than \$260,000 in salaries of fictional employees. Mr. Bropleh is a close ally of President Ellen Johnson-Sirleaf, who became Africa's first female head of state in 2005 elections pledging to make the fight against corruption a top priority.

**Liberia**  
**President to pay corruption whistle-blowers**

New legislation provides that anyone giving information leading to public money being recovered will get 5% of that sum, and people who fear for their jobs after informing on their superiors will be given transfers if they wish. The Anti-Corruption Commission does not have enough staff, so the public is being asked to help.

**Pakistan**  
**National Reconciliation Ordinance unconstitutional**

The Supreme Court of Pakistan ruled that the National Reconciliation Ordinance (NRO) is unconstitutional. The NRO, introduced in 2007 by the ousted dictator, Pervez Musharraf, cleared Asif Zardari and his wife, the late Benazir Bhutto, of all corruption cases against them. The court's ruling allegedly paves the way for challenges to Mr. Zardari's right to sit in parliament. The court ruled that morality cannot be divorced from the constitution, and in order to be a member of parliament, a person must be of "good character". So anyone commonly known to be disreputable can be expelled even if there is no conviction against him. The Supreme Court also ordered Mr. Zardari's government to apply to the Swiss authorities to reopen the money-laundering case against Mr. Zardari and Ms. Bhutto. It cited the successful legal battles fought by the governments of Nigeria and the Philippines with the Swiss authorities in their bids to get back the billions looted by Sani Abacha and Ferdinand Marcos.

**Sierra Leone**  
**Tax chief suspended over corruption**

Commissioner General Allieu Sesay, Sierra Leone's top tax collector, has been suspended in a corruption investigation by the Anti-Corruption Commission. The suspension follows a number of anti-corruption cases since President Ernest Bai Koroma came to power in 2007. Sierra Leone's image has improved, with the country moving up 12 places in the Transparency International Index. The country stood in 146th position out of 180 in 2009, compared to 158th position last year. Set to record economic growth of around 4% this year, Sierra Leone discovered oil in September and is anxious to avoid the "resource curse" that has led to corruption and bloodshed in other African countries. The Anti-Corruption office has also made clear it is prepared to charge foreigners accused of taking bribes.

**Spain**  
**Widespread corruption**

Hundreds of mayors and other officials across the country are being investigated for bribery and influence peddling, and police have seized assets worth billions of dollars. The former mayor of Boadilla del Monte, a small hill town west of Madrid, was forced to resign earlier this year after allegedly being implicated in an influence-peddling network that extended to Madrid, Valencia and the Costa del Sol. A court in Madrid has frozen millions of dollars of his assets. According to the Interior Ministry, nearly a thousand people have been arrested in anti-corruption probes in the past five years. Police have seized assets worth more than \$4 billion, including artworks, luxury cars and hundreds of prize fighting bulls. Many of the scandals revolve around the concession of building permits. During the past decade, Spain was the focus of one of Europe's biggest housing booms. Rezoning a plot of land for construction could multiply its value many times over. Experts say that for anything to really change, the law would have to rein in the nearly dictatorial powers that many Spanish mayors still enjoy.

**Thailand**  
**Thai health minister quits in corruption scandal**

Witthaya Kaewparadai, Thailand's Public Health Minister, resigned after being implicated in a corruption scandal over a health care scheme funded under the government's \$43 billion economic stimulus package. It was the third ministerial resignation since the government took office a year ago and the latest setback for Prime Minister Abhisit Vejjajiva, who is facing mounting pressure to dissolve parliament and call an election. Witthaya stepped down after an investigation found he was negligent in his handling of a three-year, \$2.57 billion procurement project. The panel recommended that Witthaya and his deputy, Manit Nopamornbodi, be disciplined for backing Ministry plans to build facilities and buy medical equipment deemed unnecessary and grossly overpriced by local health officials.

**Uganda**  
**Government failing to fight corruption**

The Uganda Progress Report, released by the African Peer Review Mechanism, reported that the NRM government has no political will to fight corruption or govern according to the known principals of democracy, despite the many anti-corruption regulations put in place by the government. The report accuses the government of failure to implement key recommendations of different anti-corruption commissions and failure to enforce the existing anti-corruption laws. It stated that corruption still thrived particularly in public procurement.

**USA**  
**BofA and ex-chiefs face fraud lawsuits**

The New York attorney-general has filed a civil fraud complaint against Bank of America, its former chief executive Ken Lewis and former chief financial officer Joe Price. Filed under New York's Martin Act, the suit alleges BofA officials ignored advice from auditors, lied to their top internal lawyer and "intentionally failed to disclose" fully to shareholders Merrill Lynch's losses before the 2008 shareholder vote on the merger. It is also alleged that BofA overstated its ability to break off the deal as leverage to get \$20bn in taxpayer money. The complaint seeks to force BofA and the two men to "disgorge all gains" and pay penalties and restitutions. The SEC previously announced a \$150m settlement with BofA regarding shareholder disclosure. But the new charges mark the first official attempt to affix blame to the bank's top management.

**USA****UTStarcom Inc. agrees to pay \$1.5 million penalty for bribery**

UTStarcom Inc. (UTSI), a telecommunications company, agreed with the Department of Justice to pay a \$1.5 million fine for violations of the Foreign Corrupt Practices Act (FCPA) by providing travel and other things of value to foreign officials, specifically employees at state-owned telecommunications firms in the People's Republic of China. UTSI generally does business in China through its wholly-owned subsidiary, UTStarcom China Co. Ltd. (UTS-China). As described in the agreement, UTSI has acknowledged responsibility for the actions of UTS-China and its employees and agents, who arranged and paid for employees of Chinese state-owned telecommunications companies to travel to popular tourist destinations in the United States, including Hawaii, Las Vegas and New York City. The trips were purportedly for individuals to participate in training at UTSI facilities. In fact, UTSI had no facilities in those locations and conducted no training. UTS-China then falsely recorded these trips as "training" expenses, while the true purpose for providing these trips was to obtain and retain lucrative telecommunications contracts. The agreement requires that UTSI pay a \$1.5 million penalty, implement rigorous internal controls and cooperate fully with the Department. The agreement recognizes UTSI's voluntary disclosure, thorough self-investigation of the underlying conduct, the cooperation provided by the company to the Department, and the remedial efforts undertaken by the company. As a result of these factors, the Department has agreed not to prosecute UTSI or its subsidiaries for the making of improper payments, provided that UTSI satisfies its ongoing obligations under the agreement.

**USA****First FCPA enforcement of 2010**

The Securities and Exchange Commission (SEC) brought an action against NATCO Group Inc. – a Houston based manufacturer of oil and gas process equipment. The complaint alleged that TEST Automation & Controls, Inc., a wholly-owned subsidiary of NATCO Group, "created and accepted false documents while paying extorted immigration fines and obtaining immigration visas in the Republic of Kazakhstan." According to the complaint, "NATCO's system of internal accounting controls failed to ensure that TEST recorded the true purpose of the payments, and NATCO's consolidated books and records did not accurately reflect these payments." Based on the above allegations, the SEC charged NATCO with FCPA books and records and internal control violations even though the complaint is completely silent as to any involvement or knowledge by NATCO in the conduct at issue, thus demonstrating how a parent company may be strictly liable for a subsidiary's books and records violations. Without admitting or denying the SEC's allegations, NATCO agreed to pay a \$65,000 civil penalty.

**USA****UBS whistleblower sentence upheld**

A U.S. judge upheld the prison sentence of a key whistleblower in the tax fraud case against Swiss bank UBS AG and ordered him to start serving his 40-month term. The whistleblower, a former UBS banker Bradley Birkenfeld, was a vital information source in the U.S. government's case against UBS, his former employer. The Swiss bank was targeted in a wide federal probe of thousands of U.S. tax cheats who hid assets in secretive UBS accounts. Switzerland has now agreed to reveal the names of about 4,450 wealthy American clients of UBS to U.S. tax investigators. Birkenfeld had pleaded guilty to fraud conspiracy in June 2008, when he acknowledged helping his largest U.S. client hide assets from the Internal Revenue Service. Justice Department officials have said the jail time was justified because he was not initially forthcoming about the tax fraud committed by his billionaire U.S. client Igor Olenicoff.

**USA****FBI charges 22 over alleged foreign bribery**

Following a sting operation involving 150 FBI agents and City of London Police, the US charged 22 executives or employees of security-related firms with conspiring to bribe a minister of an African country in relation to a \$15m arms sale. As part of the sting, the accused allegedly agreed to pay a 20% commission to a sales agent whom they believed represented the Minister of Defence, having been told that half of the commission would be paid to the minister. They also allegedly agreed to create two price quotations: one representing the true cost of the goods, the other adding the 20% commission. The sales agent was in fact an undercover FBI agent.

**USA****Alcatel to pay \$137 million to avoid US prosecution**

Alcatel-Lucent SA has agreed to pay \$137.4 million and change internal procedures to avoid US prosecution for alleged bribes paid in Costa Rica, Taiwan and Kenya, according to a company regulatory filing. Under an agreement in principle, the Justice Department would defer prosecution of Alcatel on charges it violated the internal controls and books and records provisions of the Foreign Corrupt Practices Act. Alcatel would enter into a three-year probationary period and agree to a French anti-corruption monitor.

**Zimbabwe****Government to set up economic crimes courts**

The Government of Zimbabwe says it will set up economic crimes courts in five cities to crack down on corruption. The courts will work closely with the Anti-Corruption Commission in an effort to curb fraud, bribery and other forms of corruption, according to an economic blueprint issued by Finance Minister Tendai Biti. Anti-corruption offices are envisioned in Harare, Bulawayo, Gweru, Mutare and Masvingo. The document also says schools will introduce ethics and anti-corruption lessons into the curriculum by 2012 to boost awareness.

**International****UN: Reduction in corruption investigation**

A report by Associated Press stated that the UN has cut back on investigations into internal corruption and fraud, and that at least five major cases in Afghanistan, Iraq and Africa have been halted. As a result of the widespread corruption concerning the UN administered oil-for-food programme for Iraqi humanitarian relief, the UN set up a special anti-corruption unit, the Procurement Task Force, in 2006. In the following three years, this uncovered at least 20 other major schemes affecting more than \$1 billion in U.N. contracts and international aid. But at the beginning of 2009, the United Nations closed the agency and moved its work to the Office of Internal Oversight Services' permanent investigation division. Since then, the Associated Press review reports that the number of cases opened, pursued or completed has dropped dramatically and the division has let go most former task force investigators.

**International****ADB's new whistleblower safeguards**

The Asian Development Bank (ADB) has unveiled new safeguards for whistleblowers in a crackdown on corruption. The ADB said it would protect the identities of workers and those outside the organisation worried about reprisals for reporting misconduct. Contractors, consultants and project beneficiaries would be covered by the new policies. The ADB has been increasing efforts to cut down on misuse of its funds. In 2008, it sanctioned 41 firms and 38 individuals for corruption.

## U.K. News

## UK

**First prosecution of British executive for overseas bribery**

The Serious Fraud Office launched its first prosecution of a British executive for overseas corruption in relation to an alleged conspiracy to bribe Greek officials to buy medical products from Johnson & Johnson, the US healthcare company. Robert John Dougall, a former vice-president of DePuy International, a Leeds-based subsidiary of J&J, will face trial on the corruption charge. The case stems from a much wider investigation of healthcare companies in the US.

## UK

**US prosecutors seek extradition of British lawyer**

American prosecutors are seeking to extradite a British lawyer, Jeffrey Tesler, to stand trial in the USA. The prosecutors accuse Tesler of helping to organize a 10-year long operation to pay bribes of \$130 million to Nigerian politicians to obtain construction contracts worth \$6bn. The bribes were allegedly paid on behalf of a consortium headed by a subsidiary of Halliburton, the US engineering company. The prosecutors further allege that Tesler attempted to persuade a colleague, Jack Stanley, to give false evidence by telling the US authorities that money was being used for currency swaps instead of corrupt payments. Stanley, an American executive in the consortium, faces seven years in jail after admitting to US prosecutors that he conspired to pay bribes to Nigerians. He is hoping for a reduced sentence and has provided evidence to the US prosecutors. Halliburton last year paid a record \$579m fine in the US after admitting its role in the payments. The US prosecutors also want to extradite a second Briton, Wojciech Chodan, over the same bribery offences.

## UK/USA

**BAE Systems case concluded**

In February, BAE Systems entered into a settlement agreement with the Serious Fraud Office. Under this agreement, BAE will pay £30 million to the Serious Fraud Office (SFO) after admitting accounting irregularities in a deal to sell an air traffic control system to Tanzania. In a press release, BAE states that "in connection with the sale of a radar system by the Company to Tanzania in 1999, the Company made commission payments to a marketing adviser and failed to accurately record such payments in its accounting records. The Company failed to scrutinise these records adequately to ensure that they were reasonably accurate and permitted them to remain uncorrected. The Company very much regrets and accepts full responsibility for these past shortcomings." The SFO press release states that "[t]his decision brings to an end the SFO's investigations into BAE's defence contracts." These investigations had been ongoing for six years and related to corruption allegations in relation to BAE contracts in Saudi Arabia, Tanzania, South Africa, Romania and the Czech Republic. The SFO has also dropped its case against Count Alfons Mensdorff-Pouilly, an Austrian aristocrat who was the first person charged in relation to the BAE corruption allegations. The settlement between BAE and the SFO must be approved by the courts.

Simultaneously, BAE also reached a settlement with the US Department of Justice (DoJ) under which it agreed to pay \$400 million to the US Department of Justice (DoJ), and will plead guilty to conspiring to make false statements to the US Government in relation to the sale of arms, including Tornado fighter jets, to Saudi Arabia in the 1980s and 1990s, as well as fighter deals with Hungary and the Czech Republic. According to the DOJ release, "BAE

Systems is charged with intentionally failing to put appropriate, anti-bribery preventative measures in place, contrary to the representations it made to the United States government, and then making hundreds of millions of dollars in payments to third parties, while knowing of a high probability that money would be passed on to foreign government decision makers to favor BAE in the award of defense contracts. BAE Systems allegedly failed to disclose these payments to the State Department, as it was required to do so under U.S. laws and regulations in order to get necessary export licenses."

In both jurisdictions, no charge was brought against BAE or any of its officers in relation to corruption. The Corner House and the Campaign Against the Arms Trade are applying to the UK courts not to approve the SFO settlement.

## UK

**Former Mabey and Johnson directors charged**

David Mabey, a former director of Mabey and Johnson, was charged by UK prosecutors with making a payment to Saddam Hussein's regime in breach of the United Nations sanctions on Iraq and of dishonestly falsifying an invoice to hide the payment. Also facing charges are the former Mabey and Johnson director Richard Forsyth, and ex-consultant Richard Gledhill. According to the charges lodged by prosecutors, the three men gave €422,000 to the Iraqi government between May 2001 and November 2002, contrary to UN sanctions. They are also accused of breaching the 1968 Theft Act by falsifying the invoice so that the price of a components contract appeared to be €4,222,643 "whereas that figure was €422,264 more than the price actually agreed".

## UK

**UK announces bribery charges against Innospec**

The Serious Fraud Office (SFO) announced in February that it has charged Innospec Limited, a UK subsidiary of Delaware-based fuel additives manufacturer Innospec, with conspiracy to break British anti-bribery laws for "bribery on a significant scale by Innospec and its agents in Indonesia." The announcement comes a week after Innospec disclosed that it was settling bribery charges with the SFO as well as the US Justice Department, and Securities and Exchange Commission for between \$28.8 million and \$40.2 million, for improper conduct by the company related to the UN's oil-for-food program in Iraq.

## UK

**Foreign Bribery Strategy**

The UK Government has published its Foreign Bribery Strategy. See: [www.justice.gov.uk/publications/docs/uk-foreign-bribery-strategy.pdf](http://www.justice.gov.uk/publications/docs/uk-foreign-bribery-strategy.pdf).

## UK

**MPs Expenses**

Three Labour Members of Parliament (MPs) and a Conservative Member of the House of Lords have been charged with false accounting under the Theft Act in relation to their parliamentary expenses. The MPs may seek to invoke parliamentary privilege under the 1689 Bill of Rights in an attempt to protect themselves from prosecution. The Speaker's counsel is understood to be prepared to testify that the MPs' expense claims should not be covered by Parliamentary privilege.

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**Forum News**

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**Twenty-second Meeting of the Forum**

The twenty-second meeting of the Forum was held on 28<sup>th</sup> January 2010. The activities of the working groups and other relevant issues were reviewed, and future actions were agreed.

**Ministry of Justice working group:  
Guidelines for new bribery law**

The UK Ministry of Justice has formed a working group to assist with the development of guidance for compliance with the new Bribery Law. Forum members are actively participating in this group.

**Second Forum Anti-Corruption Conference:  
“Anti-Corruption Measures for Business**

The Forum will hold its second anti-corruption conference “*Anti-Corruption Measures for Business*” in London on 24<sup>th</sup> June 2010. The purpose of this one day conference is to update businesses on the risks posed by corruption, and to consider best practice management measures to prevent businesses being the perpetrator or victim of corruption, or becoming unintentionally involved in a corrupt transaction. The primary focus of the day is on the infrastructure sector, but the lessons learned will be applicable to all. Details will be published in March.

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**Forum Information**

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**What is the U.K. Anti-Corruption Forum?**

The Anti-Corruption Forum is an alliance of U.K. business associations, professional institutions, civil society organisations and companies with interests in the domestic and international infrastructure, construction and engineering sectors. The purpose of the Forum is to promote industry-led actions which can help to eliminate corruption. The members of the Forum believe that corruption can only be eliminated if governments, banks, business and professional associations, and companies working in these sectors co-operate in the development and implementation of effective anti-corruption actions.

**Membership of the UK Anti-Corruption Forum**

For information on how to join the Forum, either visit the website or contact the Co-ordinator (see addresses below).

**Information on the UK Anti-Corruption Forum**

For information on the Forum, either visit the website:

[www.anticorruptionforum.org.uk](http://www.anticorruptionforum.org.uk)

Or contact Neill Stansbury, Forum Co-ordinator, at

[coordinator@anticorruptionforum.org.uk](mailto:coordinator@anticorruptionforum.org.uk)

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The next edition is due in May 2010