



ANTI-CORRUPTION DIGEST

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NORTH AMERICA

THE UNITED STATES

Former DOJ Employee Pleads Guilty in 1MDB Fund Scheme

George Higginbotham, a former DOJ employee, pleaded guilty to facilitating the transfer of tens of millions of dollars to the United States to finance a lobbying campaign to resolve civil and criminal matters related to the Department of Justice's investigation of the corruption scheme involving the 1Malaysia Development Berhad (1MDB) fund. Higginbotham admitted to conspiring to make false and misleading statements, loan documents, and consulting documents to mislead American financial institutions regarding the source and purpose of the foreign funds.

As part of his plea, Higginbotham has agreed to speak with federal investigators and testify before grand juries.

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The DOJ has released a statement noting that Higginbotham played no role in the investigation of 1MDB while an employee with the DOJ. The case is *United States v. Higginbotham*, 18-cr-00343 (D.D.C.).

DOJ Files Civil Forfeiture Action to Recover \$73M Related to 1MDB Fund Scheme

The DOJ has commenced a civil forfeiture action in the District of Columbia seeking to recover more than \$73 million in funds related to the 1MDB fund conspiracy.

The complaint alleges that Prakazrel Michel and George Higginbotham opened multiple bank accounts in 2017, for the purpose of receiving at least \$73 million from foreign accounts controlled by Jho Taek Low.

The case is *United States v. \$37,564,565.25 in Account Number XXXXXXXX9515 at Morgan Stanley, in the Name of Anicom LLC, et al.*, 18-CV-2795 (D.D.C.).

Former Hong Kong Official Convicted of Oil Corruption Scheme

Chi Ping Patrick Ho, a former Hong Kong government official, was convicted of seven FCPA and money laundering counts after a week-long jury trial in the Southern District of New York.

At trial, the United States presented evidence that Ho ran a research organization funded by CEFC China, a once fast-growing oil, gas, and banking company that was expanding from Asia to Africa, Europe, and the United States. According to the evidence presented at trial, Ho attempted to gain business advantages from CEFC by paying or attempting to pay multi-million dollar bribes in two separate schemes involving government officials in Chad and Uganda. The United States also presented evidence that Ho used his ties to the

United Nations to make connections to various government officials on behalf of CEFC.

The case is *United States v. Chi Ping Patrick Ho*, 17-cr-00779 (S.D.N.Y.). Ho is scheduled to be sentenced on March 15, 2019.

Five Indicted in Russian Bribery and Kickback Scheme

The DOJ has indicted five foreign nationals on charges of money laundering, immigration fraud, and murder-for-hire charges in a corruption scheme linked to a Russian military contractor.

According to the indictment, Leonid Teyf was the deputy director of Voentorg, a company that contracted with the Russian government to provide goods and services to the Russian military. The indictment alleges that Leonid Teyf, with assistance from the other defendants, devised a scheme in which Voentorg engaged subcontractors to perform the contract for the Russian government but that required a percentage of the government funds received by the subcontractors to be paid back to Leonid Teyf and others. Over the course of two years, the indictment alleges that these kickbacks totaled over \$150 million. The indictment also alleges that Leonid Teyf and others involved in the scheme have opened at least 76 financial accounts for the purpose of laundering money into the United States.

Leonid Teyf has been charged with money laundering, bribing a public official, planning a murder for hire, unlawful use of a visa, conspiracy to induce an alien to unlawfully enter the United States, and possession of a firearm with an obliterated serial number. Tatyana Teyf, Alexsy Timofeev, Olesya Yuryevna Timofeev, and Alexei Polyakov have also been charged for their alleged roles in the scheme.

The case is *United States v. Leonid Teyf, et al.*, 5:18-cr-00452 (E.D.N.C.).

Morgan Stanley Agrees to Pay \$10M FINRA Fine to Resolve Anti-Money Laundering Allegations

FINRA fined Morgan Stanley Smith Barney LLC \$10 million for anti-money laundering program failures from 2011 to 2016, according to a December 26, 2018 release.

According to FINRA, Morgan Stanley failed to comply with the Bank Secrecy Act, which requires brokerage firms to have certain processes and procedures to limit money laundering risks. FINRA alleged that Morgan Stanley's automated surveillance system did not interact properly with other systems, impairing the firm's ability to track wire and foreign currency transfers. In addition, FINRA alleged that Morgan Stanley failed to devote sufficient resources to review alerts generated by its anti-money laundering system. Morgan Stanley also failed to properly monitor penny stock deposits from 2011 to 2013, according to the regulator.

Morgan Stanley did not admit nor deny FINRA's allegations, but consented to the entry of FINRA's findings.

Plantronics Settles FCPA Allegations with the SEC and DOJ for \$36M

Plantronics, a California-based communications company, has agreed to pay \$36 million to settle FCPA claims raised by the SEC and DOJ against a recently acquired Plantronics subsidiary, Polycom.

According to the SEC's Order, Polycom executives ran a bribery and accounting fraud scheme in China from 2006 to 2014. The SEC alleged that Polycom provided significant discounts to its distributors for the purpose of enabling its distributors to pass those discounts to Chinese government officials in the form of cash bribes.

In settling with the SEC, Plantronics neither admitted nor denied the allegations related to the alleged bribery and kickback scheme. Polycom also fired eight employees and disciplined 18 others as part of the settlement.

The DOJ declined to bring an action based in part on the company's voluntary disclosure and cooperation.

Eletrobras Pays \$2.5M to Settle FCPA Allegations

Brazil-based Centrais Elétricas Brasileiras S.A. (Eletrobras), which is majority-owned by the Brazilian government, agreed to pay \$2.5 million to resolve FCPA books and records violations with the SEC on December 26, 2018.

The SEC Order states that an Eletrobras subsidiary rigged bids and arranged for private companies to pay bribes related to a nuclear power plant construction project. The SEC found that the subsidiary "paid inflated contract costs and sham invoices, recorded these items as legitimate expenses for goods or services, and then consolidated them in Eletrobras' books and records."

In resolving the proceedings, the firm cooperated with the Commission. In the *Matter of Centrais Elétricas Brasileiras S.A.*, Admin. Proc. File No. 3-18962 (Dec. 26, 2018).

DOJ Investigates Colombian Company Grupo Aval Acciones y Valores

Grupo Aval Acciones y Valores (Grupo Aval) disclosed in a public securities filing that it recently received an inquiry from the DOJ regarding a bribery case tied to a highway construction project involving one of Grupo Aval's subsidiaries, Corficolombiana, and Odebrecht, a Brazilian company. Odebrecht previously paid a criminal fine of \$4.5 billion for unrelated FCPA violations.

Grupo Aval has indicated that it intends to cooperate with the investigation. The firm previously indicated that it was unaware of corruption on the highway project committed by Odebrecht.

Former Department of Human Resources Contractor Indicted on Bribery Charges

John Woods has been indicted for allegedly defrauding his employer, a government contractor, and paying bribes to an employee for the United States Department of Human Resources.

According to the indictment, Woods worked as a consultant and independent contractor for a firm that contracted with the Department of Human Resources to provide training and consulting to various government agencies. The indictment alleges that Woods funneled more than \$1 million of company funds through a private bank account, keeping at least \$214,910 that should have been returned to his employer. The indictment further alleges that Wood paid bribes of over \$140,000 to a Department of Human Resources employee.

Latasha Moore, the Department of Human Resources employee allegedly bribed, pleaded guilty to a bribery charge in October and is currently awaiting sentencing.

The case is *United States v. John Woods*, 1:18-cr-390 (D.D.C.).

Tallahassee Politician and Consultant Indicted on Racketeering, Bank Fraud, and Bribery Charges

A city commissioner, Scott Charles Maddox, and his chief-of-staff and political consultant, Janice Paige Carter-Smith, have been indicted after a years-long FBI investigation into corruption in Tallahassee. The indictment alleges that Maddox and Carter-Smith

conspired to run a racketeering scheme through two companies by using Maddox's political position to extort money and solicit bribes from companies with business interests in Tallahassee. The indictment also alleges that both Maddox and Carter-Smith made false statements to the FBI, defrauded a bank of more than \$250,000, and filed false tax returns in furtherance of their scheme.

The case is *United States v. Scott Charles Maddox and Janice Paige Carter-Smith*, 4:18-cr-76-mw (N.D. Fla.).

State Department Bans Nicaraguan Official from Entering United States

The State Department announced that Roberto Jose Rivas Reyes, president of Nicaragua's Supreme Electoral Council, was banned from entering the United States due to credible information that Rivas has been involved in significant corruption as a foreign official. In December 2017, Rivas was sanctioned by the Treasury Department under the Global Magnitsky Human Rights Accountability Act based on allegations that he was involved in corruption and undermining Nicaragua's electoral institutions. The entry ban on Rivas comes shortly after the Treasury announced new financial sanctions against Nicaraguan Vice President Rosario Murillo in late November 2018.

EUROPE

UNITED KINGDOM

'No Case To Answer' Ruling in Case Against Former Tesco Executives

The U.K.'s Court of Appeal acquitted two former Tesco Executives, Christopher Bush and John Scouler in connection with Tesco's

alleged financial misreporting in 2014. The charges claimed that the two men overstated the supermarket chain's profits by more than £250 million (approximately \$316 million). The court concluded that there was insufficient evidence to support the verdict of the jury. A third defendant charged with the same offences, Carl Rogberg, was severed from this trial.

In March 2017, Tesco Stores Limited accepted responsibility for false accounting practices through a Deferred Prosecution Agreement (DPA). Details of the DPA remain subject to reporting restrictions. The case has been one of the most widely-reported financial reporting scandals in recent years in the United Kingdom.

Ex-Alstom Executive Convicted of Bribery

Nicholas Reynolds, a former sales executive of Alstom Power Limited (a subsidiary of the French group, Alstom), has been convicted of conspiracy to corrupt. Mr. Reynolds was found to have bribed politicians and employees at a Lithuanian power plant to secure contracts worth €240 million (\$274 million) and to have falsified documents and records to avoid scrutiny.

The U.K.'s Serious Fraud Office's (SFO) opened the investigation in 2009 following a tip from the attorney general's office in Switzerland about Alstom Group's activities. Leads were followed in Europe, North America and India. According to the SFO, the culture of corruption within Alstom Group was on a global scale in an effort to bribe government officials to secure contracts. So far, Alstom Group has been convicted five times in relation to corruption.

In May 2016, Alstom Power Limited entered a guilty plea of conspiracy and was ordered to pay approximately £18 million (approximately \$22.7 million) in penalties in connection with an investigation into the Lithuanian power plant contract mentioned above. Additionally,

a number of Alstom Power Limited employees have been convicted in relation to bribes paid to agents and officials at AB Lietuvos Elektrine over a period of eight years.

Former Trader Ordered to Pay Confiscation Order in EURIBOR Rigging Scandal

Phillippe Moryoussef, a former Barclays employee was found guilty in June 2018 for participating in the manipulation of the Euro Interbank Offered Rate (EURIBOR) during the financial crisis, has been ordered by the court (in his absence) to pay a confiscation order of £77,354 (approximately \$98,000). The court has given Mr. Moryoussef three months to pay the confiscation order, plus the U.K.'s Serious Fraud Office's (SFO) legal costs of £597,754 (approximately \$757,600).

The sum of £2.5 million (approximately \$3,168,700) has already been recovered from Mr. Moryoussef's co-conspirator, and former principal trader, Christian Bittar. Mr. Moryoussef and Mr. Bittar have collectively been sentenced to 13 years for submitting false or misleading EURIBOR submissions to advantage themselves and their employer bank.

Whiteley Faces Second Charge in SFO's Unaoil Investigation

The U.K.'s Serious Fraud Office has issued a second charge against Stephen Whiteley, Unaoil's former general territories manager for Iraq, Kazakhstan and Angola in connection with its investigation into Unaoil Limited. Mr. Whiteley has been charged with conspiracy to make corrupt payments between March 2009 and May 2010 to ensure Unaoil won a subcontract for an oil pipeline project in Iraq. Previously charged with the same offence in relation to securing another contract in Iraq for SBM Offshore, one of Unaoil's clients.

Mr. Whiteley is scheduled to appear before the Westminster Magistrates' Court on January 9, 2019.

Head of SFO Seeks New Law to Prosecute "Corporate Big Boys"

Lisa Osofsky, a former FBI lawyer and current head of the U.K.'s Serious Fraud Office (SFO), has asked for a new law that would aid the SFO's pursue of "the corporate big boys" who are not being prosecuted for corruption and fraud. The proposed law would allow companies to be prosecuted for failure to prevent fraud or economic crime.

Ms. Osofsky claims that the SFO is "hamstrung" by laws that prevent large companies and bosses from being pursued for corporate criminality. She also told the U.K.'s Commons Justice Committee that, in her view, it is middle managers that are being prosecuted, while the "controlling minds" that encourage the criminal behavior evade prosecution.

Confiscation Orders Made in Fiber Optic Case

A U.K. court has ordered Stephen Dartnell, a former director of Total Asset Limited, to pay over £450,000 (approximately \$570,000) within three months, in respect of a fraud and bribery scheme he participated in with others via the companies H2O Networks and Total Asset Finance between 2007 and 2010. The scheme targeted KBC Lease (UK) Ltd and Barclays Bank.

Mr. Dartnell, together with three co-conspirators, was convicted in 2017 of paying bribes, submitting falsified documents and fabricating fiber optic infrastructure contracts with public authorities such as universities, NHS Trusts and regional police and fire services to secure lucrative financing agreements.

The money received from the banks was used to pay the fraudsters six-figure salaries and

commissions, allowing them to purchase expensive cars, race horses and properties abroad.

If Mr. Dartnell does not pay the amount within the time period, he may face up to four years in prison. Around £950,000 (approximately \$1.2 million) has already been recovered from the co-conspirators and together the men were sentenced to a total of 56 years (44 to be served consecutively).

SFO Investigates London-Listed Acacia Mining

The U.K.'s Serious Fraud Office (SFO) has opened an investigation into mining giant Acacia Mining in respect of alleged corruption in Tanzania, including bribing Tanzanian government officials and consultants. Acacia Mining is listed on the London Stock Exchange and is majority owned by one of the world's largest gold producers, Barrick Gold Corp.

Tanzanian authorities, including the country's information minister, and a government panel headed by Tanzania's constitutional affairs minister, are also conducting an investigation regarding alleged corrupt activities by Acacia Mining.

The SFO claimed to be in contact with Acacia Mining in respect of those proceedings. However, Acacia Mining stated that it is not aware of any investigation by the SFO. It is unclear how advanced the SFO's investigation is; when asked, a SFO spokeswoman declined to comment.

It is believed that the alleged corruption is linked to Acacia Mining's wider disputes with the Tanzanian government, such as Tanzania's ban on some of the firm's exports. Tanzania also billed the company \$190 billion for alleged unpaid taxes, penalties and interest accumulated over the past 17 years. To settle the tax dispute, Acacia Mining is negotiating a cash settlement and a transfer of substantial ownership of Acacia Mining's mines in Tanzania to the country.

To date two current employees and one former employee of the company have been arrested and charged by Tanzanian authorities in respect of, among other things, tax evasion, forgery and money laundering.

Compliance Order Imposed on Graham Marchment

A compliance order has been imposed on Graham Marchment, a former procurement engineer, who was previously convicted for his role in a multi-million pound energy corruption scheme. The order prevents him from leaving the U.K. until he has paid his confiscation order in full.

While working as a procurement engineer, Mr. Marchment deliberately leaked confidential information in exchange for bribes from bidders for oil and gas projects worth £40 million (approximately \$50.7 million). He was convicted on three counts of conspiracy to corrupt and sentenced to two and a half years imprisonment in May 2015.

Southwark Crown Court in the U.K. then imposed a confiscation order on April 8, 2016. In March 2018, the Court activated Mr. Marchment's default prison sentence of one year after £37,057 (approximately \$46,900), the majority of the payment due under the confiscation order, was unpaid.

Reform of the UK "Golden Visa" Scheme Due to Corruption Fears

Following a review of the visa schemes in the U.K., the Home Office intends to introduce new restrictions as part of its reforms that are designed to tackle organized crime and money laundering.

Foreign persons investing £2 million (approximately \$2.5 million) or more in the U.K. can currently apply for a tier 1 visa, which is known as the "golden visa". The tier 1 visa provides a fast track route to settlement in the U.K. because, after five years of holding a tier

1 visa, an investor can apply to settle in the U.K. indefinitely. In 2011, this was reduced to two years if the investor invested £10 million (approximately \$12.7 million) or more in the U.K.

The tier 1 visa scheme has been criticized for providing easy access into the U.K. for oligarchs and the super-rich, and giving rise to money-laundering related concerns. Over 1,000 tier 1 visas were granted between January and September 2018. In July 2018, figures showed that the number of applicants to the tier 1 scheme has increased by 46% from the previous year. Over 400 applications were submitted by wealthy overseas investors.

Beginning 2019 in order to obtain the tier 1 visa (for at least two years) the applicants are required to provide comprehensive audits of their financial and business interests and show they have had control of the investment funds. The documentation submitted will be assessed by independent regulated auditors. Further, the applicants can only invest in active and trading U.K. companies and will no longer be able to invest in government bonds.

The Home Office previously announced that the tier 1 visa would be suspended from December 14, 2018 until new rules are put in place in 2019. However, on December 11, 2018, the Home Office clarified that the scheme was not currently suspended, but that an announcement regarding the status of the tier 1 visas will be made in due course.

FRANCE

French Oil Group Total Fined in Iran Bribery Case

Total, the French oil and gas group, was fined 500,000 euros (approximately \$570,000) by a court in Paris for bribing foreign public officials on December 21, 2018. The charges are based on facilitating Iranian gas contracts in 1997.

The case centers claims that Total used a consultancy contract to cover payments of \$30 million, which included corrupt payments, to facilitate a deal for the South Pars gas field in Iran. Between 1995 and 2004, Total and its intermediaries made, at the request of Medhi Hashemi Rafsanjani, the son of Iran's former president, made unlawful payments to middlemen nominated by Mr. Rafsanjani.

After the ruling, Total's Chairman and Chief Executive Officer, Patrick Pouyanne, said that Total would no longer pursue the matter because none of the individuals under investigation were still alive and could not defend themselves.

This is the first coordinated action by French and U.S. law enforcement in a major foreign bribery case.

ITALY

Italy's Senate Passes Anti-Corruption Bill

A new anti-corruption bill has been approved by the Italian parliament's upper house. The right-wing government led by Giuseppe Conte, Italy's Prime Minister, first presented the bill to Parliament in October 2018.

The bill provides that people who have been sentenced for more than two years for a corruption-related offence will not be allowed to run for a public tender, work in public administration or hold public office. This ban would apply to people convicted of various offences, including corruption, embezzlement, instigation of corruption and malfeasance.

The sanctions for corruption-related crimes are also increasing. The minimum prison sentence will be increased from one to three years under the bill, and the maximum prison sentence will increase from six to eight years.

The Council of Europe has urged the Italian authorities to tackle corruption among judges, parliamentarians and prosecutors. A report

published on December 13, 2018 by the Council of Europe's anti-corruption body, GRECO, states "Italy has made progress to prevent corruption in respect of the judiciary, but significantly more is still needed...in particular concerning parliamentarians."

Italian Judges Say Saipem Knew About Bribes in Algeria

A Milan court has ruled that the Italian oil service group Saipem, controlled by oil major Eni and state lender CDP, abetted bribe payments to secure gas contracts in Algeria worth €8 billion (approximately \$9 billion). The judges held that Saipem did not carry out "correct checks on intermediaries" in connection with its bidding process.

Earlier in the year, former Saipem CEO, Pietro Tali, and Saipem were found guilty of paying bribes of about €198 million (approximately \$225 million) to secure contracts with Algeria's state-owned energy firm Sonatrach between 2007 to 2010. The court, however, acquitted Eni and its former CEO Paolo Scaroni.

Saipem has 45 days from the date of the ruling to file an appeal.

SWITZERLAND

Incoming Swiss Ambassador to Washington Cleared of Corruption Charges

Jacques Pitteloud, Switzerland's former Intelligence Coordinator and the incoming Swiss ambassador to Washington, has been cleared by the Federal Criminal Court of abusing his power whilst he was the Swiss ambassador in Nairobi, Kenya. Mr. Pitteloud had been accused of intervening in a corruption case and offering assistance to two businessmen in return for a large payment.

The charges against Mr. Pitteloud were initially dropped by the office of the Attorney General in March 2016. That decision was

later appealed by the two businessmen, claiming that Mr. Pitteloud unduly intervened in the corruption case. On December 20, 2018, the federal court rejected the appeal.

NETHERLANDS

Shell Conducts Review of Deals Involving Ex-Executive Suspected Of Bribery

Shell conducted an internal review of its former Vice President for sub-Saharan Africa, Peter Robinson, in respect of corruption activities tied to several deals in which he was involved. The inquiry also reviewed whether Mr. Robinson's alleged corrupt activities in relation to one deal were linked to other deals. Shell concluded that there were no links between the various deals.

In March 2018, Shell filed a criminal complaint to the Dutch prosecutor in respect of corruption activities by Mr. Robinson in relation to a \$390 million sale of onshore Oil Mining Lease (OML) 42 to a Nigerian firm.

Mr. Robinson is also facing trial in Milan for charges in respect of alleged bribes in relation to a \$1.1 billion purchase of a Nigerian offshore field, Oil Prospecting Licence (OPL) 245. During an investigation into the OPL 245 acquisition, investigators raided Mr. Robinson's house in Perth, Australia. Documents related to the OML 42 sale were seized.

Shell conducted an internal review of both the OML 42 sale and OPL 245 acquisition as well as other deals involving Mr. Robinson. Investigators concluded that the corruption activities in relation to the OML 42 sale were not linked to the OPL 245 acquisition. The only violation uncovered related to Mr. Robinson's activities involving the OML 42 sale.

Shell stated that this was "an isolated breach by a former employee, operating deliberately

outside of Shell systems or controls." The firm went on to state that no evidence had been found that would suggest anything to the contrary or that there was a connection between Mr. Robinson's actions on the OML 42 sale and the OPL 245 acquisition.

Mr. Robinson denies any wrongdoing in connection with the OML 42 sale. He also stated that Shell's conclusion regarding the lack of a connection between the sale of OML 42 and the OPL 245 acquisition is correct.

ESTONIA

10 Former Danske Bank Employees Arrested in Money Laundering Probe

Prosecutors in Estonia have detained ten former staff members of Denmark's largest lender, Danske Bank. The action follows preliminary money laundering charges pressed against the bank in November 2018.

Danske Bank's Estonian branch is being investigated by authorities in the U.K., Belgium and the United States for suspicious activity that was allegedly carried out between 2007 and 2015. The investigations, which have focused on 15,000 non-resident clients of the bank, including numerous Russian individuals, are one of the most high-profile money laundering scandals in Europe.

Estonia's chief prosecutor, Lavly Perling, said "These are people who were mainly client managers, whose job was to report these money-laundering incidents and to prevent them."

Estonian criminal police chief Aivar Alavere stated that "Estonia was mainly a transit country in the money-laundering scheme" and that the detained suspects only facilitated the money laundering, but "clearly weren't the principal beneficiaries".

LATVIA

Riga Vice Mayor Resigns Due to Corruption Scandal

The vice mayor of the Latvian capital, Riga, has resigned amid a corruption scandal at Rigas Satiksme, the municipal transport company.

Andris Ameriks explained that his resignation was to protect his reputation, and that of his party, Honor to Serve Riga (GKR)'s. He denied any personal involvement in the scandal. Mr. Ameriks denies any involvement with procurement deals at the company.

Mr. Ameriks is one of a number of individuals caught up in the scandal. Right arrests have reportedly been made and 30 searches conducted in Latvia and Poland as part of a probe. The investigation was launched by Latvian anti-corruption operatives. It has focused on procurement deals organized by Rigas Satiksme whose executive board resigned after the news broke.

The company's former, CEO Leons Bemhens, was also arrested. Further, the opposition in the Riga city council attempted, unsuccessfully, to unseat the capital's mayor Nils Usakovs. Opposition politicians claim that Mayor Usakovs has been running Riga in an opaque manner, giving rise to mass corruption.

POLAND

Polish Financial Regulator Ex-Employees Arrested

Anti-corruption agents in Poland arrested seven unnamed former employees of the country's financial regulator. A former head of the financial regulator was among those arrested, according to the national prosecutor's office.

The prosecutor's office said "The wide and scrupulous evidence shows that those arrested in relation to their roles at (Poland's financial regulator) between 2013 and 2014 ... sought substantial financial gains at the cost of the bank guarantee fund and depositors".

Last month, Marek Chrzanowski, a former head of Poland's financial market regulator, was charged in connection with a bribery scandal. Mr. Chrzanowski is now in custody for two months following a temporary detention order.

ROMANIA

Suspended Sentence for Former Romanian Tourism Minister

The sentence of a former tourism minister, Elena Udrea, convicted of bribery and official misconduct, has been suspended by Romania's Supreme Court.

Ms. Udrea, who fled Romania during her trial, was handed a six-year prison sentence in abstention. She was arrested in Costa Rica. Ms. Udrea illegally sponsored a gala using ministry funds and pocketed commissions from the event, according to prosecutors. Ms. Udrea has denied any wrongdoing.

Romania's constitutional court has ruled that one of the high court's five judges present in Ms. Udrea's trial was not appointed properly. The initial verdict, which was rendered in 2014, is now under review.

RUSSIA

Moscow Asks Italy to Drop Charges Against Envoy in Nigeria Corruption Case

Russia's foreign minister has asked Italy to drop charges against a former Russian ambassador who is tied in the corruption case involving oil giants Eni and Shell.

Ednan Agaev, a former ambassador for Russia in Colombia, has been charged with international corruption in the large-scale bribery case relating to Eni and Shell's purchase of Nigeria's OPL 245 oilfield. It is alleged that about \$1.1 billion in bribes was paid to win an exploration license for the oil field.

In a letter passed by Russia's foreign minister to his Italian counterpart in Moscow, Russia called on Italian authorities to be "reasonable". The letter said "We hope the Italian authorities adopt a reasonable approach and after respective checks find a way to change the status of E.T. Agaev from accused to witness". The letter, which was handed over at a meeting on October 8, 2018, was filed by prosecutors in the Milan Court early in December.

Mr. Agaev and all other parties involved in the case have denied any wrongdoing.

Petroinvest CEO Signs Plea Deal as Bribery Investigation Closes

Ruslan Khamkhokov, CEO of Petroinvest, a detention center's construction contractor in Russia, has signed a plea deal in relation to bribery allegations.

Mr. Khamkhokov has been under investigation regarding claims that he paid 388 million rubles (approximately \$6 million) of bribes to a Federal Penitentiary Service (FSIN) official. The bribes were allegedly made in March 2010 in exchange for the execution of documents relating to the construction of the local detention center by the then deputy chief of the FSIN. The project is in the St. Petersburg and Leningrad Region directorate, Sergey Moiseyenko.

Mr. Moiseyenko has been charged with taking bribes from Mr. Khamkhokov as well as another businessman. He has also been charged with orchestrating the murder of his subordinate, Colonel Nikolay Chernov.

Moscow Court Overturns Decision to Extend Detention of Former Spetsstroy Deputy Chief

Russia's Moscow City Court has overturned a decision by the Khamovnichesky District Court to extend the detention of a former deputy chief of the Federal Agency for Special Construction (Spetsstroy), Alexander Mordovets. Mr. Mordovets, who has been charged with receiving bribes, will remain in prison until at least the end of December 2018. The ruling will be reconsidered.

Investigators suspect that Mr. Mordovets received 30 million rubles (approximately \$430,000) from a construction company manager during the construction of Vostochny Cosmodrome, a spaceport in Russia's Far East. It has been reported in the Russian media that Mr. Mordovets was at the head of the Vostochny Cosmodrome's operation headquarters.

MIDDLE EAST

IRAN

Iran Executed a Businessman Convicted of Fraud

Hamid Reza Bagheri Dermani was convicted and hanged for "spreading corruption on Earth." This is the highest crime under Iran's Islamic law.

The execution took place on December 23, 2018, after an August trial and October sentence, upheld the next month by the Supreme Court. In August, Iran created courts to specifically deal with crimes involving suspected financial corruption. Dermani's convictions were for fraud, bribery, and embezzlement. The charges were based on claims that he formed a network of dummy companies to receive loans and buy

government companies on a privatization list. Mr. Dermani was also ordered to pay more than \$100 million fine.

ISRAEL

Netanyahu Calls for Early Elections in April amidst Corruption Investigations

Israeli Prime Minister Benjamin Netanyahu is riding high in the polls and seems to be the likely candidate for a fourth consecutive term as Prime Minister (this would be the country's longest-serving prime minister). Netanyahu announced plans for an early vote, April 9, 2019, which some say would give him democratic power against the state's pending corruption investigations. Attorney-General Avichai Mandelblit must soon decide on whether to indict the prime minister as three different bribery and breach of trust cases are looming.

Former Commander of Police Anti-Fraud Unit to Spend Four Months in Prison for Corruption Charge

Menashe Arbiv, former commander of Lahav 433, the police anti-fraud unit, will spend four months in prison and 200 hours of community service for failing to report bribe offers he had received from a powerful rabbi, Rabbi Yoshiyahu Pinto. On December 19, Arbiv entered into a plea bargain with the police's internal investigation department, admitting to not fulfilling his formal obligations. In exchange, the charges of fraud and breach of trust were dropped.

PAKISTAN

Pakistan's National Action Plan (NAP-2) to Counter Terrorism Includes Cyber Security

Pakistan's Ministry of Interior announced it would introduce a new National Action Plan (NAP-2) and restructure the National Counter Terrorism Authority (NACTA). The Federal Investigation Agency (FIA) Cyber Crime Wing Director Capt. Muhammad Shoaib expressed the dire need for an organization to assess serious attacks in cyberspace. Cyberspace is currently regulated under a 2016 law, which focuses more on comparatively mundane violations instead of denying space to terrorists.

Aide to Prime Minister Gives Pakistani Authorities Evidence Accusing Former Foreign Minister of Money Laundering

Pakistani Prime Minister's Special Assistant on Youth Affairs, Usman Dar, submitted evidence of money laundering by Pakistan Muslim League-Nawaz (PML-N) leader Khawaja Asif to the National Accountability Bureau (NAB). The evidence Dar handed over included Asif's foreign investments, including his and his wife's benami transactions in foreign accounts (Pakistan prohibits "benami transactions," where property use and benefit is by a person other than the person who is shown as the owner). Dar also handed over to NAB officials a confidential agreement regarding Asif's employment in a foreign company while being federal minister. Dar claims money was laundered under the cover of an Iqama (resident permit) and employment in a foreign company.

Last June, the Supreme Court overturned an April decision of the Islamabad High Court which had disqualified Asif as a member of the parliament for life. The ruling is based on

Article 62(1)(f) of the Constitution for not disclosing his employment in a UAE-based company as an occupation as well as the monthly salary he was receiving. Dar had initiated the High Court proceedings against Asif as well.

Former Pakistani Prime Minister Sentenced to Seven Years for Corruption

In a case centered on former Prime Minister Nawaz Sharif's ownership of a steel mill in Saudi Arabia, Sharif was sentenced to seven years for not proving his source of income at the mill. He was sentenced by the National Accountability Court on December 24, but is likely to appeal.

In Islamabad, after the verdict, Sharif's supporters started fires in the streets and police used tear gas and batons to quell the protesters. This case revives a Pakistani political battle between the Sharif supporters and the country's powerful military and judiciary. Protesters claim the military is, again seeking to crush the political fortunes of the Sharif family. Sharif is widely reviled by Pakistan's military establishment. He served three, non-consecutive terms as Prime Minister. The first term ended by military interference. The second ended with a military coup. Later, he was jailed and allowed to live in exile in Saudi Arabia.

UNITED ARAB EMIRATES

\$500 Million Remains Frozen at Dubai's state-owned Noor Bank

Dubai's ruler, Sheikh Mohammed bin Rashid al-Maktoum, continues to refuse to release nearly \$500 million in frozen funds. The funds belong, in part, to the Kuwait government. They are at the heart of a money laundering probe.

The funds have been frozen at Dubai's state-owned Noor Bank since late 2017. At that time the Emirate's public prosecutor, in collaboration with Kuwait's prosecutors, started probing the lawfulness of the transfer to Dubai from the Philippines. Kuwaiti Prime Minister Sheikh Jaber al-Mubarak al-Hamad al-Sabah in September wrote to Dubai's ruler seeking his assistance in releasing the funds. Sheikh Mohammed bin Rashid al-Maktoum responded that he was confident the legal system's efforts will result in fair solutions.

ASIA

2018 Report Points Out Under Enforcement of Bribery Laws in Asia

A report by Transparency International, a Berlin-based nongovernmental organization, claims Asian export nations are not interested in holding their own companies accountable for bribery. The report, "Exporting Corruption -- Progress Report 2018," assesses the enforcement of the Organization for Economic Co-operation and Development (OECD) Anti-Bribery Convention, which requires signatories to criminalize bribery of foreign public officials. Japan, South Korea, India, Singapore, China, and Hong Kong rarely prosecute cases of their own nationals suspected of bribing officials overseas. Some of the countries that ranked lowest in enforcement have the legal framework to pursue government bribery, but rarely -- if ever -- employ it. For example, Japan has an Unfair Competition Prevention Act, yet rarely enforces it. The total amount of bribes paid to government officials worldwide is estimated to be in excess of 100 trillion yen (\$883 billion) annually.

CHINA

Government Officials Auction Off Bribery Gifts

Luxury watches and liquor were among the most popular items in an anti-corruption auction held in Wuhan, Central China's Hubei Province. As part of a Chinese festival tradition, businessmen traditionally furnish gifts to civil servants and officials to cultivate their *guanxi* (connections and relationships). As a part of the country's ongoing anti-corruption efforts, officials from Wuhan donated gifts, including gift cards, jewellery, collectibles, digital electronic products, and alcohol to be resold. This special auction, held in November, netted 1.64 million yuan (\$237,000) and proceeds from the auction will flow to local government.

Former Chairman of Bank of Inner Mongolia and Communist Party Boss Sentenced to Death for Corruption

Yang Chenglin was Chairman of Bank of Inner Mongolia and Communist Party Boss from 2000 to 2013. According to a verdict from Baotou city intermediate court, he took over 307 million yuan (\$44.54 million) in bribes and misappropriated 292 million yuan (\$42.5 million) in public funds from the bank. He was sentenced to death on December 21, 2018, but was granted a two year reprieve, effectively meaning he will be jailed for life, for offering clues to other people's crimes, admitting his wrongdoing, and expressing regret.

Senior State Shipbuilding Official Fired for Accepting Bribes

China's anti-graft agency fired Sun Bo, a senior manager at the state-owned China Shipbuilding Industry Corp. (CSIC). He was also expelled from the Communist Party after

investigations revealed he had accepted bribes and abused his power. The Central Commission for Discipline Inspection (CCDI) plans to seize his illegal income and transfer his case to the judiciary.

HONG KONG

Leung Investigation Ends

A four-year corruption investigation into Leung Chun-ying, former Hong Kong leader, has ended. The investigation concerned a HK\$50 million (\$6.4 million) payment Leung received from an Australian engineering firm. On December 12, the HK Independent Commission Against Corruption (ICAC) submitted a report to the independent Operations Review Committee, which oversees the agency's investigations, clearing the former leader of wrongdoing and stating it would take no further investigative action. Since 2014, the ICAC had been investigating the payment from Australian engineering firm UGL to Leung while he was the city's leader from July 2012 to June 30, 2017. Leung received the payment in his capacity as director of a property services company, which was sold to UGL. Leung did not disclose this sale to his cabinet, which initially sparked concerns of a conflict of interest.

Patrick Ho Convicted Under FCPA

A New York jury convicted Patrick Ho, HK's former home secretary from 2002-2007, of bribing African officials on behalf of a Chinese energy company. Ho was arrested last November and convicted on December 5th on seven counts: one count of conspiring to violate the FCPA, four counts of violating the FCPA, one count of conspiring to commit international money laundering, and one count of committing international money laundering. Ho is set for sentencing on March 14, 2019, and faces up to five years in prison on each FCPA count, and up to 20 years in prison for each money-laundering count.

JAPAN

Nissan Execs Facing Financial Misconduct Charges in Tokyo

A Tokyo court rejected Nissan's former chairman Carlos Ghosn's protests and extended his detention for alleged financial misconduct. He was arrested on November 19 and is expected to remain in detention until at least January 1. Formal charges entered against Ghosn and fellow Nissan executive Greg Kelly allege underreporting Ghosn's pay by roughly 5 billion yen (\$44 million) between 2011 and 2015.

Mr. Ghosn is also facing aggravated breach of trust allegations. Prosecutors believe that Mr. Ghosn used company funds to pay a Saudi businessman who helped Mr. Ghosn out of financial difficulties back in October 2008. According to the prosecutors' statement, a person helped arrange a letter of credit for Ghosn and a company run by the person later received \$14.7 million in Nissan funds in four installments between 2009 and 2012.

Nissan is conducting an internal investigation, the results of which are not yet public. However, Nissan sources have disclosed that Khaled Al-Juffali is the person who helped Ghosn. Al-Juffali is vice chairman of one of Saudi Arabia's largest conglomerates, E. A. Juffali and Brothers, and a member of the board at the Saudi Arabian Monetary Authority. Media have reported that Ghosn denies these allegations of wrongdoing and explained the transactions had legitimate business purposes, including a reward for handling problems at Nissan dealers in Saudi Arabia.

After more than a month of detention, on December 25, Mr. Kelly was released on 70 million yen (\$635,000) bail. No trial date has been set. The arrest was reported in the Digest last month.

MALAYSIA

Jho Low Updates

Jho Low is a former Malaysian financier who served as an intermediary for Goldman in its dealings with Malaysian officials and 1MDB. The U.S. Department of Justice filed a three count indictment against Mr. Low in November for violations of the FCPA and bribery. Mr. Low remains a fugitive and is also wanted in Malaysia. There is a global effort underway to seize and auction off assets from Mr. Low and associates, including a glass see-through piano, a 1954 Academy Award, a \$250 million yacht, and more.

Malaysia Charges a Second Goldman Sachs Banker for 1MDB

In connection with the suspected money-laundering scheme at state fund 1MDB, Malaysian prosecutors have now charged two former bankers at Goldman Sachs and issued a summons to the bank. Malaysia's attorney general announced charges against Tim Leissner and Roger Ng Chong Hwa. Malaysian prosecutors charged Ng with four counts of abetting the bank to provide misleading statements in the offering prospectus for the bonds that the bank helped sell for 1MDB. Ng plead not guilty. Goldman, on December 17, claimed that members of the Malaysian government lied to the bank about the proceeds of the bond sales. Leissner and Ng were already charged by the U.S. Justice Department in November and Leissner pleaded guilty to conspiracy to launder money and conspiracy to violate the FCPA. The cases are set for hearing on March 19, 2019.

Former Prime Minister Najib Razak and Wife Rosmah Face Charges of Financial Misconduct

Datin Seri Rosmah Mansor, the wife of former Malaysian Prime Minister Najib Razak, faces 17 money-laundering charges in Malaysian Court. Her case was pending before the lower Sessions Court, and as of December 6, will be heard instead by the High Court. On October 4, Rosmah pleaded not guilty to 12 counts of money laundering, involving RM7,097,750 (\$1.7M), and five counts for failing to declare her income to the IRB. Her charges were proffered under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA). She is also on trial for corruption over a solar energy project in Sarawal.

Former Malaysian Prime Minister Najib Razak was taken to court alongside Arul Kanda Kandasamy, former 1Malaysia Development Berhad (1MDB) president and chief executive officer, over alleged tampering in the final audit report of the graft-tainted state investment fund. On December 12, both men plead guilty and were granted bail. The former prime minister is charged with using his position as prime minister, to gain protection from a civil disciplinary action relating to 1MDB by way of ordering the final audit report on 1MDB to be tampered with before it was finalized and presented to the Public Accounts Committee.

SINGAPORE

Singapore Preserves its “Clean Image” and Will Not Tolerate Corruption No Matter How Small

The Corrupt Practices Investigation Bureau has charged two forklift truck operators for demanding bribes as small as S\$1 (\$ 0.73) in exchange for not delaying container collections onto trucks. Chen Ziliang, 47, and Zhao Yucun, 43, face a fine of up to

S\$100,000 (\$73,000) or prison for up to five years, or both. The charges were announced on December 11. Chen was charged with demanding small bribes over the course of two years, and for Zhao, over the course of three and a half years.

THAILAND

Thai Ministry of Transport Allegedly Accepted Bribes from Japanese Company

Former executives of Mitsubishi Hitachi Power Systems Inc. bribed a Thai public servant during a power plant project. Mr. Fuyuhiko Nishikida, who was in charge of procuring materials for the project, and Mr. Yoshiki Tsuji, along with Satoshi Uchida, who managed the power plant project at the time, allegedly paid 11 million baht (\$338,000) in February 2015 to a senior official at the Ministry of Transport in Thailand. The payment was made to obtain favorable treatment in unloading cargo for the project. This information emerged during the first hearing in Tokyo District Court where Nishikida and Tsuji entered a plea bargain in late December. Mr. Uchida’s first hearing will take place on January 11.

LATIN AMERICA

ARGENTINA

Former President Cristina Kirchner to Face Corruption Trial in “Notebooks” Corruption Case

A federal court in Argentina confirmed in mid-December that former President Cristina Kirchner will face trial on corruption charges after allegations that she received millions of dollars in bribes from businessmen in exchange for large public works contracts. As previously reported in the Digest, Ms. Kirchner

is accused of being at the center of the “notebooks” corruption scandal, which came to light after a ministerial chauffeur revealed records of bribe payments to public officials. Now a sitting senator, Ms. Kirchner is protected from imprisonment but can be prosecuted. The court also seized \$38 million worth of Ms. Kirchner’s assets. In addition to implicating more than a dozen former government officials and 30 businessmen, the notebooks scandal has also reached President Mauricio Macri’s family. President Macri’s father and brother were called to testify earlier in December to answer questions related to alleged bribes involving the family business.

BRAZIL

42 More People Charged in “Car Wash” Probe

Prosecutors in Brazil charged 42 people in the “Car Wash” corruption investigation involving the state-run oil company Petroleo Brasileiro in late December. The charges are the latest in the long-running corruption investigation, which has involved many of Brazil’s top political and business classes, as previously reported in the Digest. Prosecutors said the latest charges relate to a scheme involving Petrobras’ local headquarters in the Bahia state capital Salvador and nearly \$17 million in bribes. Those involved have been charged with corruption and money laundering, among other charges.

Prosecutors Allege Major Trading Companies Involved in Petrobras Bribery Scheme

Prosecutors in Brazil announced in December that they were investigating allegations of bribery involving major trading firms Vitol, Trafigura, and Glencore, and the state-owned oil giant Petroleo Brasileiro SA, signaling a new chapter in the “Car Wash” probe. According to federal prosecutors, more details

will emerge as the investigation continues – describing the discoveries so far as the “tip of the iceberg.” Prosecutors have leveled corruption charges against two ex-Trafigura executives and charged 12 people in connection with Vitol’s involvement in the scheme. Vitol and Glencore said they would work with investigators, while Trafigura said it was reviewing the allegations. Petrobras announced in mid-December that it would suspend oil and refined products trading with Vitol.

Prosecutors have alleged that the trading company bribery scheme was wide-ranging, and the resulting investigation could produce major problems for the trading firms. Petrobras traders in Houston allegedly carried out some crimes, with tainted funds moving through the United States and European banking systems. The investigation has frozen the trading firms’ business in Brazil but all of the companies characterized Brazil as a minor market.

Construction Company Andrade Gutierrez Engenharia Pays \$381 Million to Settle Charges

Brazilian construction company Andrade Gutierrez Engenharia signed a \$381.49 million deal to settle corruption allegations with Brazilian federal authorities in mid-December. The allegations stem from the “Car Wash” corruption investigation. The company is one of more than 30 construction companies being investigated in the probe. As part of the settlement, Andrade Gutierrez agreed to testify about alleged corruption involving nearly 100 other companies and 250 people.

COLOMBIA

Odebrecht-Led Consortium Fined \$250 Million for Corruption

A tribunal in Colombia fined a consortium of companies led by construction giant Odebrecht \$250 million and banned it from

government contracts for 10 years after finding that the consortium used bribes to win public infrastructure contracts. The consortium was awarded a contract valued at over \$1 billion to construct a 328-mile highway. It included Odebrecht, Episol, and Cass Constructores. Odebrecht said in a statement it would appeal the regional court's decision. Episol said it would explore legal options. As previously reported in the Digest, Odebrecht is at the center of a massive Latin American corruption scandal and has admitted to paying nearly \$30 million in bribes in Colombia.

ECUADOR

Vice President Suspended from Office Amid Kickbacks Allegations

President Lenin Moreno suspended Vice President Maria Alejandra Vicuna in early December after allegations that Ms. Vicuna received kickback payments from an aide when she was a lawmaker. Her suspension came after she requested an unpaid leave of absence until January to prepare a defense against the allegations. The alleged kickback payments ranged from \$300 to \$1,400 and were made from 2011 to 2013. Ms. Vicuna admitted to receiving regular deposits from the aide but said that they were not mandatory kickbacks. President Moreno said that a top aide, Jose Briones, would take the vice presidency.

HONDURAS

Prosecutors Accuse Current and Former Lawmakers of Corruption

Prosecutors in Honduras accused five current and six former lawmakers of diverting public funds to their personal bank accounts, in mid-December. Allegations against legislators must be presented to the country's Supreme

Court. Prosecutors said that nearly \$900,000 was transferred from government accounts to a nonprofit front organization – Green Planet Association – and then moved to the officials' personal bank accounts. The investigation was led by Honduran prosecutors and the Organization of American States' anti-corruption body.

AFRICA

ETHIOPIA

56 Government Officials Arrested in Anti-Corruption Sweep

The Ethiopian government announced in late December that it arrested 56 government officials in a massive anti-corruption investigation. The officials, who work for the country's Oromia regional state, have been accused of misappropriating and embezzling public funds. Further arrests are expected in the coming days, according to the state media outlet Oromia Broadcasting Network.

KENYA

Court Charges Senior Officials from State-Run Oil Pipeline and Health Insurance Fund

A court in Kenya charged senior officials from the state-owned oil pipeline and the state health insurance fund for abuse of office and economic crimes after allegations that millions of dollars in public funds were stolen. The managing director of Kenya Pipeline Company and five other employees were charged with abuse of office in the loss of millions of dollars from the company. The chief executive officer of the National Health Insurance Fund and 17 other officials were also charged with abuse of office in the loss of millions of dollars from the

fund. Not all of the individuals charged pleaded guilty.

SPECIAL SECTION: SELECT DOJ AND SEC 2018

FCPA ENFORCEMENT ACTIONS

FCPA enforcement continues to be a key priority for the U.S. Department of Justice and the Securities and Exchange Commission. Listed below are select cases, which reflect those efforts. A more detailed discussion of each action is attached to the link appended to each case.

Policy

The Deputy Attorney General delivered two speeches last year of particular import to FCPA compliance. One discussed “piling on” ([here](#)) while the other focused on the obligations of counsel ([here](#)).

Litigated Cases

The reach of the FCPA: The Second Circuit Court of Appeals rejected the DOJ’s interpretation of the reach of the statute in an important decision this year. *U.S. v. Hoskins*, Docket No. 16-1010-cr (2nd Cir. August 24, 2018). A more detailed discussion of the case is available [here](#).

Privilege: The question of privilege and its applicability, as well as the tension between

the assertion of privilege and the frequent efforts of issuers to earn cooperation credit underlies an important decision on the question by the Fourth Circuit Court of Appeals arising out of the Walmart investigation. *U.S. v. Under Seal 1*, No. 17-4183 (4th Cir. Decided June 27, 2018). A more detailed discussion of the case is available [here](#).

Statute of limitation: The statute of limitations is frequently a key issue in corruption cases. The SEC lost an important ruling on this issue. *SEC v. Cohen*, Civil Action No. 17-cv-430 (S.D.N.Y. Order entered July 12, 2018). A more detailed discussion of the case is available [here](#).

Individuals – settled cases

The prosecution of individuals in corruption cases has become an important priority for the DOJ and the SEC. The cases listed below are examples of those actions.

Sting operation: In one action two business men were caught in a “sting” operation. The result was a tape of the conversations on which there is a discussion of bribing Haitian officials to secure business. *U.S. v. Baptiste*, No. 1:17-cr-10305 (D. Mass.). A more detailed discussion of the case is available [here](#).

Russian federation officials: The President of a Maryland based transportation company was named in an eleven-count indictment centered on FCPA violations involving an official of the Russian Federation. *U.S. v. Lambert*, Criminal No. 8:18-cr-00012 (D. Md. Filed January 19, 2018). A more detailed discussion of the case is available [here](#).

Corporate cases

Cooperation: Societe Generale S.A. and Legg Mason, Inc. agreed to resolve FCPA charges tied to bribing Gaddafi-Era Libyan Officials. Society Generale also settled charges stemming from its manipulation of LIBOR. The FCPA resolutions suggest the overall impact of cooperation. Although both cooperated with the Department, neither firm self-reported. Legg Mason, however, fully cooperated, fully remediated and only mid to lower level employees of a subsidiary were involved. In contrast, Society Generale did not fully cooperate. *U.S. v. Society Generale* (E.D.N.Y.); *U.S. v. SGA Societe Generale Acceptance N.V.* (E.D.N.Y.). A detailed discussion of the action is available [here](#).

Monitor installed: The DOJ and the SEC resolved another FCPA action centered on inaccurate books and records and inadequate internal controls. Panasonic Corporation and Panasonic Avionics Corporation or PAC, a wholly owned subsidiary, agreed to pay over \$280 million to resolve FCPA charges with the DOJ and the SEC. The firm did not self-report but did cooperate after receiving a subpoena from the SEC and terminated several employees involved in the conduct. The firm also took remedial steps which included installing new procedures. A corporate monitor was installed because the procedures are untested. *U.S. v. Panasonic Avionics Corp.*, No. 1:18-cr-00118 (D.D.C. Filed April 30, 2018); *In the Matter of Panasonic Corporation*, Adm. Proc. File No. 3-18459 (April 30, 2018). A detailed discussion of the action is available [here](#).

Discovering violations: Firms can and do discover violations of the Foreign Corrupt Practices Act in a variety of ways. In some instances, the internal or external auditors uncover evidence which leads to the discovery. In others a whistleblower may inform the company and/or a regulator. In some instances, an executive may uncover the illegal practices and trigger an internal investigation. Few firms, however, have had the experience of an executive on a TV news show facts which ultimately lead to FCPA charges. Yet that is what happened to The Dun & Bradstreet Corporation. *In the Matter of The Dun & Bradstreet Corporation*, Adm. Proc. File No. 3-18446 (April 23, 2018). A detailed discussion of the action is available [here](#).

Internal Controls: Internal controls is a critical issue in many FCPA actions. Here the case involved a Canadian mining firm that acquired subsidiaries in Mauritania and Ghana with little to no internal controls. *In the Matter of Kinross Gold Corporation*, Adm. Proc. File No. 3-18407 (March 26, 2018). A detailed discussion of the action is available [here](#).

Books and records: Another staple of FCPA enforcement is the books and records provisions. Here the SEC filed a settled books and records action involving an Israeli based firm whose shares are traded on the Tel Aviv Stock exchange and NASDAQ. *In the Matter of Elbit Imaging Ltd.*, Adm. Proc. File No. 3-18397 (March 9, 2018). A detailed discussion of the action is available [here](#).

DORSEY ANTI-CORRUPTION GROUP

The Dorsey Anti-Corruption team's deep experience from government and private practice fortified by a critical knowledge of key areas of the world such as:

- Africa
- Asia Pacific
- Europe
- Middle East
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This update is provided for general informational purposes and is not intended to constitute advice. If you require advice on any of the matters raised in this update, please let us know and we will be delighted to assist.

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