



ANTI-CORRUPTION DIGEST

October 2017

Keeping ahead of global anti-corruption trends is critical in today's business markets. The Dorsey Anti-Corruption Digest, which puts global trends at your fingertips, puts you ahead. The deep experience of the Dorsey Anti-Corruption team, drawn from the DOJ, the SEC and years in private practice, will keep you ahead.

NORTH AMERICA

THE UNITED STATES

Telia's \$965 Million FCPA Settlement is Largest Yet

Sweden-based Telia Company AB has agreed to pay \$965 million to settle Foreign Corrupt Practices Act (FCPA) charges with the Department of Justice (DOJ) and Securities and Exchange Commission (SEC). *U.S. v. Telia Co.*, No. 17-cr-60581 (S.D.N.Y. Filed Sept. 20, 2017); *In the Matter of Telia Company AB*, Adm. Proc. File No. 3-18195 (Sept. 21, 2017). To settle with the DOJ Telia subsidiary, Coscom LLC, pleaded guilty to one count of conspiracy to violate the anti-bribery provisions of the FCPA and parent-company Telia entered into a deferred prosecution agreement (DPA). In settling with the DOJ, the firm will pay a criminal penalty of \$274,603,972. That includes a \$500,000 criminal fine and \$40 million in criminal forfeiture paid on behalf of Coscom. To settle with the SEC Telia, a U.S. issuer until 2007

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when the firm terminated its registration, the firm consented to the entry of a cease and desist order based on Exchange Act Sections 30A and 13(b)(2)(A). Telia will also pay disgorgement and prejudgment interest of \$457,159,977. The \$40 million paid to the DOJ as forfeiture will be credited against that amount.

Telia also settled with the Public Prosecution Service of the Netherlands (OM) and the Swedish Prosecution Authority (SPA). The SEC agreed to credit any disgorgement paid in connection with those settlements up to half of the total amount agreed to with the Commission. Likewise, the DOJ agreed to credit the criminal penalty paid to the OM as part of its agreement with the company. Accordingly, while the DOJ and SEC announced a total settlement of about \$965 million, portions of that sum will be credited to the resolutions of Telia with the OM and SPA.

The DOJ did not impose a corporate monitor on the firm. Rather, the DOJ credited the company's remediation and the state of its compliance program. According to the DPA, the company terminated all of the individuals involved in the misconduct, their supervisors and "every member of the company's board who took part in the decision to enter Uzbekistan, or failed to detect the corrupt conduct."

The underlying conduct traces to 2007, when Telia purchased Coscom, a telecom services company in Uzbekistan. After the acquisition, then-officers of the company agreed to make payments of more than \$330 million in bribes to government officials to illegally obtain telecommunications business in Uzbekistan. The bribes were paid to an Uzbek government official who was a close relative of a high-ranking government official and who was able to exercise influence over Uzbek telecommunications regulators. The company concealed the bribes by channeling the payments through a shell company that Telia and Coscom management knew was

beneficially owned by the foreign official. DOJ court filings identified the government official as Gulnara Karimova, the eldest daughter of former Uzbek President Islam Karimov. The bribes were paid on multiple occasions over a period of five years so that Telia could enter the Uzbek market and Coscom could gain telecom assets and continue operating in Uzbekistan.

FCPA Fugitive Sentenced to Time Served for Haitian Bribery Plot

The former general manager of a Miami-based firm was sentenced to time served for his role in a scheme to bribe officials at Telecommunications D'Haiti. *U.S. v. Amadeus Richers*, No. 09-cr-21010 (S.D. Fla. Filed Sept. 27, 2017). Amadeus Richers pleaded guilty in July to one count of conspiracy to violate the FCPA, admitting that from 2001 until 2004, he and his co-conspirators paid \$3 million to officials at Haiti's state-owned telecommunications company. The defendants paid the bribes through relatives of the officials and other intermediaries. Mr. Richers was a fugitive until February of this year when he was extradited from Panama. A federal judge in Miami also placed Mr. Richers on supervised release for three years and ordered him to pay \$100. He was the ninth defendant sentenced in the Haiti Telco case, dating back to 2009.

Veon Shareholders May Sue Over Bribery Scheme

A Manhattan federal judge ruled that Veon Ltd. shareholders could pursue a lawsuit accusing the phone company of inflating share prices by concealing an Uzbekistan bribery scheme. *In re Veon Ltd Securities Litigation*, No. 15-cv-08672 (S.D.N.Y. Filed Nov. 4, 2015). Veon, formerly known as VimpelCom, admitted in February 2016 to having paid more than \$114 million in bribes to a high-ranking Uzbekistan

official, and agreed to pay \$795 million in penalties to resolve U.S. and Dutch probes into the matter. In his ruling, U.S. District Judge Andrew Carter narrowed the potential class of investors to exclude shareholders who sold VimpelCom shares before March 12, 2014, when the multinational phone company began disclosing the Uzbekistan bribery probes. Veon's major markets include Algeria, Bangladesh, Pakistan, Russia, Uzbekistan, and Ukraine.

DOJ Announces Bribery Charges Against College Basketball Coaches, Adidas Senior Executive

The DOJ announced criminal charges against ten individuals, including four NCAA Division I men's basketball coaches and a senior executive at Adidas, in connection with related fraud and corruption schemes. The DOJ alleges that college basketball coaches took cash bribes from athlete advisors, including business managers and financial advisors, in exchange for using their influence over college players to pressure and direct those players and their families to retain the services of the bribe-paying advisors. The DOJ also alleges that a senior executive at Adidas, working in connection with the advisors, funneled payments to high school-aged players and their families to secure those players' commitments to attend Adidas-sponsored universities, rather than universities sponsored by rival athletic apparel companies. According to the DOJ, participants in both schemes took steps to conceal the illegal payments, including: (1) funneling payments to athletes or their families indirectly through surrogates and entities controlled by the scheme participants; and (2) making misrepresentations to universities regarding the involvement of student-athletes and coaches in the scheme. FBI Assistant Director William Sweeney Jr. said that the "NCAA Division I and AAU coaches created a pay-to-play culture, agreeing to provide access to their most valuable players while also

effectively exerting their influence over them. Today's arrests should also serve as a warning to those who conduct business this way in the world of college athletics."

Italian Oil Company Discloses Expansion of Corruption Investigation

In a September SEC filing, Italian oil giant Eni SpA disclosed that its corruption investigation had expanded to include five countries since first starting three years ago. The oil company first disclosed potential FCPA violations in September 2014 related to an acquisition in Nigeria, citing "alleged international corruption" in its SEC Form 6-K. Eni SpA said at the time that the investigation encompassed one country, one industry, and three government agencies. But its recent SEC filing states that the investigation now includes five subsidiaries, five countries, two industries, and six government agencies. Eni operates in 73 countries with 33,000 employees and is partially controlled by the Italian government. Eni's operations are also being investigated by Italian authorities, discussed further in the Europe section of this month's Digest.

1MBD Civil Forfeiture Stayed to Aid Criminal Probe

A Los Angeles federal judge has granted a U.S. government request to stay its attempt to seize assets allegedly purchased with funds stolen from the 1MBD Malaysian state investment fund while it prosecutes its criminal case. *US v. "The Wolf of Wall Street" Motion Picture, etc. (and related cases)*, No. 16-cv-05376 (C.D. Ca. Filed Sept. 13, 2017). As previously reported in the Digest, the DOJ has been pursuing the alleged misappropriation of \$4.5 billion from the 1MBD fund both civilly and criminally. The DOJ has filed claims against \$1.7 billion in assets purchased with the allegedly stolen funds. The DOJ is also investigating possible charges against those who laundered the money through the U.S.

financial system in order to acquire the assets. The DOJ sought to stay the forfeiture cases to avoid tipping off the potential criminal defendants to the witnesses and evidence against them. The indefinite stay ruling came after an FBI agent told the court that the forfeitures could harm witnesses in the criminal case. Special agent Robert Heuchling said that several overseas witnesses have “expressed concern for their own safety and security if their contact with the United States became known.”

Manhattan Judge Rules Hedge Fund Executive Must Face Fraud Charges

A federal judge in Manhattan declined to dismiss fraud charges against a former Platinum Partners hedge fund executive and a former union leader for New York City prison guards. *USA v. Seabrook et al.*, Case No. 1:16-cr-00467 (S.D.N.Y.) (Filed: 2016). The former president of the union for the Correction Officers’ Benevolent Association, Norman Seabrook, is accused of taking kickbacks from Platinum founder Murray Huberfeld in exchange for investment business. Mr. Huberfeld argued the case should be thrown out because it was based on unauthorized government-intercepted calls. U.S. District Court Judge Andrew L. Carter Jr. rejected that argument, stating that the tapes of Mr. Huberfeld’s calls were fair game despite being part of a separate investigation into an illegal liquor distribution scheme because prosecutors disclosed them to the court that authorized the wiretap. Judge Carter said that agents are not required to ignore evidence of crimes other than those they are investigating, and that notifying the court was enough.

Braskem Pays \$10 Million to Settle Class Action Stemming from Corruption Scandal

In a rare move, Brazilian petrochemical giant Braskem said in September that it signed a

settlement agreement under which it would pay U.S. investors \$10 million to settle a class action lawsuit alleging the company had concealed its role in the massive Petrobras corruption scandal. *In re Braskem S.A. Securities Litigation*, No. 15-cv-05132 (S.D.N.Y. Filed Sept. 14, 2017). A group of investors filed the lawsuit in 2015 after reports emerged implicating Braskem in the Petrobras scandal, which led to shareholder losses. The investors argued that they had been misled by the company’s statements regarding its operations and its involvement in the scandal. The settlement agreement will now go to the court for approval. Last December, Braskem agreed to pay the U.S., Brazilian, and Swiss governments approximately \$975 million in penalties stemming from the bribery probe.

CANADA

Five More Sentenced in Project Honorer

Five more individuals were sentenced in September, and another pleaded guilty, in cases stemming from the 2013 investigation dubbed Project Honorer. The investigation uncovered widespread corruption and collusion in Laval from 1996 to 2010 involving construction and engineering companies agreeing to be part of a bid-rigging system to determine who received contracts from the city. In return, the companies paid money to city politicians, including the mayor of Laval, Gilles Vaillancourt, who was sentenced to a six-year prison sentence last year. The five men who pleaded guilty and were sentenced in September included the former head of one of the construction companies owned by construction magnate Antonio Accurso. None of the five were sentenced to jail time. Mr. Accurso and retired notary Jean Gauthier are scheduled to have a jury trial in the matter, which will begin in October. There were 37 people originally charged, with only three remaining to be sentenced. Only four of those have been sentenced to jail time.

EUROPE

THE UNITED KINGDOM

Introduction of the Criminal Finances Act 2017

On September 30, 2017, the U.K. introduced the Criminal Finances Act 2017 (CFA), a major amendment to the existing U.K. anti-money laundering regime that also tackles economic crime (including the creation of two new criminal offences relating to failures to prevent the facilitation of tax evasion).

Among other changes, the CFA introduced “unexplained wealth orders,” court orders that require a respondent to provide information on its interest in property and the source of that property. This aims to assist law enforcement agencies in investigating and dealing with suspected money laundering.

Statements at the Cambridge International Symposium on Economic Crime

The 35th Cambridge International Symposium on Economic Crime was held from September 3 to 10 in Cambridge, England. This year’s symposium was the setting for interesting statements on policy from the U.K.’s leading financial crime authorities.

On September 4, 2017, Robert Buckland, the U.K.’s solicitor general, declared that the U.K. government has completed its call for evidence on corporate criminal liability laws in a bid to strengthen laws on corporate financial crime. Mr. Buckland indicated that the current system of charging a company only if its senior executives can be shown to be involved has “made it difficult to attribute criminal liability to large corporations.” Changes are expected to increase the potential for companies to be found directly responsible for employees’ actions.

Alun Milford, General Counsel at the U.K.’s Serious Fraud Office (SFO), gave a speech on September 5, 2017 in which he announced that the SFO is “not interested” in offering plea deals to companies that are likely to re-offend.

Standard Chartered Summoned to Meet U.K. Regulators

On September 11, 2017, it was announced that representatives of Standard Chartered Plc have been summoned to meet the Financial Conduct Authority (FCA), the U.K.’s financial regulator, in connection with allegations by a whistleblower of bribery at MAXpower Group Pte, an Indonesian power plant builder in which Standard Chartered is the majority owner.

An internal audit at MAXpower in 2016 found that more than \$750,000 of the company’s payments between 2014 and 2015 may have been bribes paid in order to win contracts and assist relations with Indonesian energy officials. Following the audit, Standard Chartered referred itself to the “appropriate authorities” in the U.S., U.K. and Singapore. Further allegations include that Standard Chartered was aware of potentially fraudulent accounting and compliance failings and failed to act. A similar investigation has been ongoing in the U.S. for some time.

Bertling Corruption Charges

On September 26, 2017, it was revealed that the SFO’s case against the logistics and freight operations company F.H. Bertling Ltd and its employees had come to a close as six of its current and former directors were convicted of conspiracy to make corrupt payments after pleading guilty, while a seventh individual was acquitted of the charges.

The charges related to an alleged conspiracy between January 2005 and December 2006 to bribe an agent of Sonangol, the Angolan state oil company, in order to advance the group’s

freight forwarding business operations in Angola and a contract worth \$20 million.

United Nations Advisor Jailed Following Bribery Findings

On September 22, 2017, Wassim Tappuni, a World Bank consultant who advised the United Nations on medical projects in poverty-stricken countries, was jailed for six years after earning £1.7 million (about US\$2.3 million) in bribes. Mr. Tappuni rigged bidding wars for contracts to supply medical equipment to hospitals and laboratories in Eastern Europe and Central Asia by telling firms what the World Bank was looking for and helping them discredit rival offers. Mr. Tappuni was convicted of a total of 13 fraud charges on July 25, 2017 following a trial at the Southwark Crown Court.

Tesco Executives' Fraud Trial Begins

On September 25, 2017, three former senior Tesco executives appeared in a London court at the start of a trial potentially set to last until the New Year. The three executives include Christopher Bush, former managing director of Tesco U.K., Carl Rogberg, former U.K. finance director, and John Scouler, former U.K. food commercial director. All three contest allegations of fraud by abuse of position and false accounting relating to an overstatement of Tesco's profit forecast in 2014 of £263 million (US\$353.3 million). A jury was sworn in on September 26, 2017.

AZERBAIJAN

The "Azerbaijani Laundromat"

A major investigation by a group of European newspapers has revealed allegations that over the course of two years, Azerbaijan's ruling elite operated a \$2.9 billion slush fund to pay off European politicians, launder money and make luxury purchases.

Nicknamed the "Azerbaijani Laundromat", the money was allegedly channeled through four U.K.-registered shell companies and paid to individuals who represented the interests of or adopted a favorable attitude towards the Azerbaijani government, including a number of European politicians. The fund is believed to have operated between 2012 and 2014.

According to a report published by the Organised Crime and Corruption Reporting Project (OCCRP), the money was laundered through four U.K. shell companies before making its way to various countries, including Germany, France, Turkey, Iran and Kazakhstan. The OCCRP report says that the origin of the funds is unclear, although almost half is thought to have come from private Baku-based company Baktelekom MMC. The report claims that there is "ample evidence of [the funds'] connection to the family of [Azerbaijani] President Ilham Aliyev".

Recipients are thought to have included politicians (often with links to large multinational businesses), journalists and lobbyists tasked with tackling corruption in the country. The OCCRP report claims that the money "bought silence" from many who may otherwise have levelled criticism at the notoriously authoritarian state.

The report also reveals that millions of dollars were spent on luxury items including cars, football clubs, hospitals and private education for well-connected Azerbaijanis living abroad.

The majority of the payments were processed through Danske Bank's Estonian branch. The bank has admitted that its anti-money laundering processes were "inadequate" and that it had not done enough to identify the suspicious transactions. On September 5, 2017, Danske Bank announced that it had hired the former head of Denmark's fraud squad in order to boost the bank's compliance protocols.

Mr. Aliyev himself denies any wrongdoing, describing the reported links to him as "baseless, malicious" and "of a provocative

nature”, and has called for the report’s findings to be investigated.

ITALY

Eni Denies Corruption Charges in Congo Republic

On September 7, 2017, the Italian oil and gas company Eni disclosed further information in relation to the ongoing investigation by Italian authorities of international corruption.

In a statement issued on September 11, 2017, Eni, which is the largest foreign oil and gas producer in Africa, denied allegations of corruption in the Republic of Congo, stating “we confirm our non-involvement in any alleged wrongdoing.” Eni stated that it is cooperating with the Italian investigation.

The accusations relate to agreements signed by Eni’s Congo subsidiary with the Congo Republic’s Ministry of Hydrocarbons in 2013 to 2015.

SWITZERLAND

Gunvor Investigation Widened by Swiss Authorities

On September 12, 2017, Switzerland’s attorney general announced the widening of its bribery investigation into a former employee of commodities trader Gunvor Group in the Republic of Congo centered on alleged fraud, embezzlement and money laundering in connection with an oil contract in the Congo. The investigation now includes Gunvor’s Swiss entity, Gunvor SA, and the Geneva branch of the Netherlands-registered Gunvor International BV, which are alleged to have had “organizational shortcomings” that were “exploited by the ex-employee to perpetrate alleged acts of bribery of foreign offices.” Authorities in several countries have been requested to assist with the investigation.

Investigations into alleged money laundering began in late 2011 and, in late 2012, Gunvor filed a criminal complaint against a former employee for fraud and embezzlement.

GERMANY

Introduction of German Transparency Register

Beginning October 1, 2017, German companies, their legal representatives and their shareholders face new transparency obligations as a result of the modification of a German money laundering law in June 2017. The law gave effect to the new transparency register based on the Fourth EU Money Laundering Directive, and is part of an EU-wide initiative to combat money laundering.

The new electronic register compiles information which might be relevant to the prevention of money laundering, such as the identity and personal details of the actual ultimate beneficial owner of a company. Any person who has a legitimate interest may access the register.

Failure to properly collect and notify based on this information may constitute a regulatory offence resulting in the payment of administrative fines.

AUSTRIA

No Indications of Bribery Found by Austrian Parliament In Eurofighter Deal

An investigation by Austria law makers has failed to find an indications of bribery or illegal influence in relation to the country’s \$2 billion Eurofighter deal. Prior to a final report released on September 21, 2017 it had been alleged that politicians may have accepted bribes from the makers of Eurofighter to approve the deal.

A separate investigation is being conducted by Vienna prosecutors in relation to allegations of fraud against Airbus and the Eurofighter consortium, which includes BAE Systems and Leonardo, for the value of €1.1 billion (US\$1.3 billion), sought by the Austrian defense ministry as compensation. Airbus and the consortium denies these allegations, and, on September 18, threatened Austria's defense minister with legal action.

SPAIN

Spain Launches Investigation into European Management of ICBC

The Spanish High Court announced on September 11, 2017 that it had approved a request by the anti-corruption prosecutor's office to investigate the Industrial and Commercial Bank of China's (ICBC) European headquarters in Luxembourg. The inquiry is based on an allegation of money laundering of hundreds of millions of euros at ICBC's Madrid branch.

This approval follows the arrest of seven ICBC executives in Madrid in February 2016. The ruling of the High Court states that "ICBC Luxembourg was aware at the time of the way ICBC Spain was operating, and the Luxembourg headquarters provided it with internal audit services".

The investigation may prompt regulatory action in other jurisdictions such as the U.S. and China and will likely have an impact on the Financial Action Task Force's mutual evaluation of China in 2018.

BULGARIA

Bulgarian President Pushes for New Anti-Corruption Laws

On September 13, 2017, Bulgarian President Rumen Radev condemned the government of

Prime Minister Boyko Borisov for what he described as its failure to reduce corruption in the country. Mr. Radev spoke of taking radical action by implementing a new anti-corruption law, drafts of which are to be debated by Parliament before Bulgaria takes over the rotating EU presidency in January. The draft focuses on improving law enforcement agencies' control and accountability.

Bulgaria is perceived to be one of the most corrupt EU member states, according to Transparency International.

UKRAINE

Anti-Corruption Efforts in Ukraine Likely to Take More Time

Ukrainian President Petro Poroshenko said on September 15, 2017 that he hoped an anti-corruption chamber could be created in October 2017. However, he expressed doubt about the suggestion by the International Monetary Fund (IMF), which is presiding over a \$17.5 billion aid-for-reforms program, that a fully independent court be established before 2019.

Activists have criticized the proposal, saying that establishing an anti-corruption chamber in existing courts would do little to create independence and tackle endemic corruption. President Poroshenko expressed doubt about whether the IMF's suggestion that an independent court be established could be accomplished before 2019. Ukraine has received \$8.4 billion from the IMF.

SWEDEN

Telia and its Employees Face Sanctions in Relation to Uzbek Payouts

Swedish telecommunications company Telia Company AB agreed on September 21, 2017 to pay fines of nearly \$1 billion to settle a

bribery case brought by U.S., Swedish and Dutch authorities in relation to allegations of illicit pay-outs to Uzbek officials. Details regarding the DOJ and SEC settlements are discussed in further detail in the United States section of the Digest.

On September 22, 2017, former Telia CEO Lars Nyberg was charged by a Swedish prosecutor along with two other employees. All three employees deny such charges.

ING Bank's role in the alleged corruption is still under investigation by the Dutch public prosecutor. It is alleged that ING Bank may have facilitated the laundering of bribery payments.

ROMANIA

Romanian Deputy Prime Minister Investigated for Abuse Of Office

A criminal investigation has been opened in Romania by anti-corruption prosecutors against Sevil Shhaideh, the Deputy Prime Minister, for suspected abuse of office in a land transfer case. Romania is ranked as one of the most corrupt states in the European Union by Transparency International. Brussels keeps its justice system under special monitoring.

The prosecutors allege that, while acting as deputy regional development minister in 2013, Shhaideh helped to illegally transfer 800 acres of prime land near the Danube River from the state to the county council of Teleorman before the land was leased to private operators. The transfer is alleged to have been carried out through government bills, a method which the prosecutors say contravened the constitution and legislation regarding national waters and state property.

Four other public servants are under investigation in the case. Prosecutors have also asked parliament to approve an investigation into the acting environment

minister in 2013, currently a minister in charge of European funds.

MIDDLE EAST

ISRAEL

Rami Levy CEO Detained

Rami Levy, CEO of the Rami Levy supermarket chain, was detained by Israeli police as part of an investigation into suspected fraud in the development of a shopping center he built. Along with Mr. Levy, police also detained the head of a local council, a newspaper editor, and another prominent businessman connected to the shopping center. Mr. Levy was the only one able to be identified.

PAKISTAN

Sharif and Dar Appear Before Country's Anti-Corruption Court

Former Prime Minister Nawaz Sharif made his first appearance before an anti-corruption court on September 26, 2017 in connection with three corruption cases pending against him, his children, and current finance Minister Ishaq Dar. Pakistan's National Accountability Bureau (NAB), the country's anti-corruption agency, decided that it will officially indict Mr. Sharif on October 2, 2017. On September 27, 2017, Mr. Dar appeared before the court and also pleaded not guilty to owning assets beyond his means.

Mr. Sharif was ousted from office in July after the Supreme Court found him unfit to hold office for not declaring a small source of income. In that same decision, the Supreme Court ordered NAB to proceed with a criminal investigation into Mr. Sharif, his family and Mr. Dar. NAB has said it will rely on the evidence collected by the Supreme Court-appointed six-

man panel investigating Mr. Sharif and his family's wealth. This corruption case by NAB is the third one by the agency pending against Mr. Sharif, with one matter dating back to 1999.

Earlier this month, Pakistan's Supreme Court rejected a review petition from former Prime Minister Sharif challenging the July 2017 ruling that disqualified him from holding office. Meanwhile, Mr. Sharif's wife, Kulsoom, won the ousted leader's parliamentary seat.

ASIA

CHINA

China State Lottery Heads Removed From Positions for Suspicion of Taking Bribes

Former head of the China Welfare Lottery Management Centre, Bao Xuequan, and his former deputy, Wang Yunge, are suspected of corruption. The Ministry of Civil Affairs removed both officials from their party and state positions.

Mr. Bao and Mr. Wang allegedly used their positions to seek advantages and accept gifts and other benefits. Mr. Wang also allegedly was uncooperative in the investigation against him in relation to suspicion of leaking state secrets.

Rising Star Facing Corruption Investigation

The Chinese Communist Party said Sun Zhengcai, a high-flying politician who had been seen as a potential future premier, is under investigation for suspected "grave violations of discipline," a phrase used to denote corruption in China.

The Chinese Communist Party is being urged to eliminate the influence of Mr. Sun, including

his policies and instructions. No specific allegation has been made so far. Mr. Sun is now in the middle of an informal investigation.

Chen Min'er, an associate of President Xi Jinping, has replaced Mr. Sun as the Communist Party Chief of the Chinese city of Chongqing.

Chinese Government to Enhance Anti-Money Laundering Law

The Chinese Government is seeking to enhance laws and regulations relating to combating money laundering, terrorist financing and tax evasion. Although China promulgated its anti-money laundering law in 2007, it has become evident that loopholes exist. The Chinese government will improve the law by establishing national risk assessment systems on money laundering and terrorist financing as well as by setting up a panel for regular assessment, aimed at avoiding and preventing unlawful actions.

By enhancing the anti-money laundering regulatory regime, the country is hoping to monitor money laundering activities and supervise non-financial entities more effectively.

Anti-Graft Head and Ex-Insurance Regulator in China Expelled

The former chairman of the China Insurance Regulatory Commission and head of anti-graft committee of China's finance ministry, Xiang Junbo, has been determined to have committed "serious violations of political discipline and rules" by serving his own political interests. Mr. Xiang has also been accused of "engaging in superstitious activities."

Mr. Xiang was the president of the anti-graft committee starting in 2012. He has received significant recognition and has sent numerous party members, including Zhou Yongkang, the

most corrupt senior official since the founding of modern China in 1949, to jail. Mr. Xiang will be prosecuted after being handed over to the legal authorities.

Former Gansu Party Head Expelled

The ruling Communist Party has expelled a former party head of Gansu province, Northwest China, after an investigation proved that he had received bribes.

Since being appointed as Gansu's party secretary in 2011, Wang Sanyun had accepted bribes and gifts in exchange for offering promotion opportunities to others.

Mr. Wang had violated disciplinary regulations by paying frequent visits to "private clubs" and was involved in "superstitious activities" over a long period of time.

Former Business Executive Released after Verdict Overturned

Qu Long, former business partner of China's highest profile billionaire, Guo Wengui, was released after Hebei High People's Court ruled that there was inadequate evidence to support his conviction in 2012.

Based on Mr. Guo's allegations, in 2012, Mr. Qu had been found guilty of misappropriating 855 million yuan (approximately US\$130 million) and was sentenced to 15 years' imprisonment.

The Hebei Higher People's Court re-heard Mr. Qu's case in August 2017 and found that the original verdict against Mr. Qu was "lacking in evidence" and contained "unclear facts". The court further mentioned that some witnesses in the original hearing in 2012 gave false testimonies upon Mr. Guo's orders.

Chinese Corruption Suspects Return from U.S.

Xu Xuewei, who was on the list of the 100 most wanted overseas suspects, has turned himself in to Chinese authorities.

Mr. Xu, who used to operate a technology company in Jiangsu Province, China, escaped to the U.S. in late 2012 after being suspected of fraud. The Chinese anti-corruption commission said that Mr. Xu decided to give himself up "under the influence of policy and legal deterrence."

Former Beijing driving school headmaster Liu Changkai also turned himself in last month after he escaped to the U.S. in 1999 for a suspected fraud.

In April 2015, Chinese authorities published a list of the 100 "most-wanted" suspects who escaped to the U.S., Canada and Australia. Mr. Xu is the 46th person on the list and Mr. Liu was the 19th.

Former Tianjin Mayor Huang Xingguo Jailed for 12 years

Former Tianjin mayor Huang Xingguo has been sent to jail for 12 years for receiving bribes in the sum of more than 40 million yuan (approximately US\$6 million).

Mr. Huang was the acting chief of the Communist Party in Tianjin, a northern port city, and became its mayor in 2008 until being suspected of corruption in September 2016. During his time as a mayor, he abused his power to obtain bribes in exchange for promotions and land approvals.

The court said in determining Mr. Huang's sentence, it has taken into account his guilt and remorse over his offences as well as his cooperative attitude and the evidence he gave to the investigators.

HONG KONG

Re-Trial of Corruption Case against Former Chief Executive

The re-trial of the corruption case made against former Hong Kong Chief Executive, Donald Tsang Yam-kuen, commenced on September 26, 2017 and is expected to last for 25 days.

Mr. Tsang was sentenced to 20 months' imprisonment for misconduct in public office in February 2017. Mr. Tsang accepted a free multi-million dollar renovation project for his penthouse at Shenzhen, China, from Bill Wong Cho-bau in return for granting a digital radio license to a company partially owned by Mr. Wong.

Charges Against Trio for Bribery in Land Development Projects

A developer and his two associates have been charged with conspiracy to offer bribes amounting in aggregate to HK\$600,000 (approximately US\$77,000) to village resident representatives for not opposing the developer's small housing development projects.

The charges involve allegations that: (1) the trio conspired together, without lawful authority or reasonable excuse, to offer a bribe of HK\$60,000 (approximately US\$7,000) to a village resident representative for withdrawing his objection to a small housing application; and (2) the trio offered a bribe of HK\$540,000 (approximately US\$70,000) to a village resident representative for refraining from raising any objection to the developer's application for building nine small houses at the village where the representative resides.

Corruption Scandal of the Hong Kong-Zhuhai-Macao Bridge

A construction contractor in Hong Kong has been suspended and its staff was arrested for alleged falsification of test results on concrete used for building the Hong Kong-Zhuhai-Macao Bridge (HZMB).

It is alleged that the contractor falsified concrete strength test results by replacing concrete samples with metal cylinders and high strength concrete cubes, and adjusting the time on testing machines to cover up irregularities.

The HZMB is a mega sea crossing linking Hong Kong, Zhuhai and Macao. It consists of a 22.9km bridge and a 6.7km long underwater tunnel. It is expected to be completed in December 2017.

MALAYSIA

Anti-Corruption Commission to Launches Program to Fight Corruption and Focuses on Illegal Gambling

The Malaysian Anti-Corruption Commission (MACC) is launching a program named "Kembara Jelajah Anti Rasuah (KEJAR) 17" to encourage the Malaysian public to fight corruption and power abuse. The MACC officials will travel around Malaysia to explain to the people the types of corruption and power abuse, encouraging them to refuse bribe and come forward as witnesses.

In addition, Chief Commissioner of MACC, Tan Sri Dzulkipli Ahmad, said MACC will focus on training its officers and enforcement authorities on illegal gambling. Mr. Ahmad also mentioned that it is time to take more aggressive actions since there has not been any decrease in the occurrence of illegal gambling.

Former Director of Federal Land Development Authority Arrested

Tan Sri Mohd Abdul Samad, former director of Federal Land Development Authority (Fedla), which wholly owns Felda Investment Corp Sdn Bhd (FIC), an entity that engages in non-farm business, has been arrested by MACC for questionable purchases of two luxury hotels by the FIC.

FIC is reported to have bought a four-star hotel in Kensington, London in December 2014 for RM330 million (approximately US\$77 million). The price is three times the market price of the hotel, which was approximately RM 110 million (approximately US\$26 million). Another hotel that Mr. Samad had purchased in Kuching, Malaysia for RM160 million (approximately US\$38 million) was believed to be RM50 million (approximately US\$12 million) above its market price.

Malaysia Public Officials Deny Wrongdoing Connected to Uber

In response to the DOJ's probe into Uber's overseas conduct, Malaysian officials have stated that no corrupt payments were made to effect the regulation of the ride-hailing business in that country. Investigations shows that Uber Malaysia's financial relationship with Malaysian government-linked agencies includes a RM125.95 million (approximately US\$30 million) investment by the country's second-largest pension fund, Kumpulan Wang Persaraan (KWAP). Uber also participated in an entrepreneurship program held by the state-backed Malaysian Global Innovation & Creativity Centre (MaGIC).

KWAP and Uber Malaysia both declined to comment on the matter, and MaGIC said "we strongly refute involvement in any quid-pro-quo arrangements".

INDIA

India, the Most Corrupt Asian Country

A recent survey by the Transparency International states that India is the most corrupt country in Asia. *Forbes* rated India with a 69% bribery rate, the highest rating among all Asian countries, exceeding Vietnam, Thailand, Pakistan and Myanmar. The article further stated that "[i]n five of the six public services - schools, hospitals, ID documents, police, and utility services - more than half the respondents have had to pay a bribe."

INDONESIA

Head of National Population and Family Planning Board Suspected of Graft

National Population and Family Planning Board (BKKBN) head, Surya Chandra Surapaty, is now facing corruption charges for ignoring the results of a financial assessment commissioned by the Development Finance Comptroller (BPKP). It is suspected that a budget in the amount of Rp27 billion (approximately US\$2.03 million) has been lost.

YW, president director of pharmaceutical company Triyasa Nagamas Farma, LW, director of medical equipment distributor Djaja Bima Agung, and KT, former BKKBN financial bureau head are also under investigation. It is alleged that a total of Rp191.34 billion (approximately US\$2.92 million) in funds was taken from Indonesia's state budget for procurement of contraceptives in 2015. The prices offered in the process of bidding for contraceptives were allegedly controlled by Djaja Bima Agung, one of the tender participants.

KOREA

Korea's Kangwon Land Admits Hiring Scandal

Korean casino operator Kangwon Land, which runs the only legal casino in Korea and is funded by taxpayers' money, is involved in a hiring scandal after admitting that a majority of its staff were hired through political and company connections.

According to *The Korea Times*, those hired through connections included a former intern of the Secretary-General Representative, Kweon Seong-dong, whose Liberty Korea Party was the ruling party at the time.

Samsung Group's Vice Chairman will Appeal his Sentence

Samsung Electronics' Vice Chairman, Jay Y. Lee, will lodge an appeal against his five-year jail term for corruption and the Seoul High Court will set the order of witnesses and evidence for the appeal trial, which is expected to be in mid-October.

Mr. Lee was convicted last month in a lower court in Korea for bribing former president Park Guen-hye in exchange for a better control of a conglomerate that owns Samsung Electronics, the world's leading smartphone and chip maker.

THE PHILIPPINES

President Accepts Probe into Finances

The Philippines' President Rodrigo Duterte welcomes an investigation by the anti-corruption agency on his alleged failure to disclose his wealth while he was a city mayor.

The investigation originated from a complaint made by Senator Antonio Trillanes that, from

2006 to 2015, Mr. Duterte had gathered 2.2 billion pesos (approximately US\$ 43.1 million) in three bank accounts and he failed to report them in his official assets declaration.

THAILAND

Ex-Thai Prime Minister Sentenced to Five Years in Jail

Former Prime Minister Yingluck Shinawatra was found guilty of negligence in a money-losing rice subsidy program and sentenced to five years in prison. The verdict was delivered in absentia a month after she had fled Thailand.

The court stated that Ms. Shinawatra had been aware of corruption in government deals with some Chinese state enterprises. It said that this was "a manner of seeking unlawful gains" and "the action of the accused is considered negligence of duty." Ms. Shinawatra was elected in 2014 as Prime Minister and she had previously denied allegations relating to the scheme which led to a loss of at least US\$ 8 billion. Ms. Shinawatra's exact location is unknown at the moment.

Police Widen Corruption Investigation Relating to PetroVietnam

Top Vietnamese official, Dinh La Thang, was sacked for making "serious mistakes and violations" while running the national oil and gas company, PetroVietnam.

Mr. Thang is accused of causing PetroVietnam to suffer billions of losses through making a series of failed investments. The most significant investment was in a local bank named Ocean Bank, which was subsequently acquired by the Vietnamese state at zero consideration.

SINGAPORE

Former Senior Procurement Officer Charged with Corruption and Money Laundering

Neo Kian Siong, former senior procurement officer at Keppel Shipyard, is accused of 78 counts of accepting money from various companies as a reward for advancing such companies' interests with Keppel Shipyard. The sum allegedly received by Mr. Neo amounted to S\$293,000 (approximately US\$216,000). Mr. Neo is also accused of 270 counts of converting criminal proceeds in the sum of S\$933,600 (approximately US\$687,000) into various forms of assets, such as shares, foreign currencies and insurance premium.

The Corrupt Practices Investigation Bureau (CPIB) said that the acts of accepting money and committing the charged crimes is unethical and constitutes an act of corruption.

Africa

SOUTH AFRICA

KPMG, McKinsey Entangled in President Zuma Scandal

KPMG fired all of its South African leadership in September after an internal investigation concluded that the work it did for firms owned by the Gupta family "fell considerably short" of its standards. The firm is also being investigated by the country's Independent Regulatory Board of Auditors for its work. In addition, three of KPMG's clients have already dropped the firm. KPMG worked for the businesses run by the Guptas for 15 years before cutting ties in 2016. The accounting firm is not the only one facing questioning regarding its relationship to the scandal, with consulting giant McKinsey being investigated by a South African parliamentary committee.

SIERRA LEONE

Football Association President Charged with Corruption

Isha Johansen, Sierra Leone's Football Association (SFLA) president, and Chris Kamara, SFLA Secretary General, have been charged with abuse of office and misuse of public funds by the country's Anti-Corruption Commission (ACC). In September 2016, Ms. Johansen and SFLA vice president Brima Mazola Kamara were arrested by the ACC and detained after they failed to attend a hearing. Subsequently, ACC officials and police raided the SFLA secretariat and took away computers and documents. The chairman of the country's Anti-Corruption Commission reported to *BBC Sport* that the public funds include money the SFLA received from donors, including from football's world governing body, Fifa. Ms. Johansen recently announced her intention to stand for another term as president of the SFLA.

MAURITIUS

AG Steps Down Amid Money Laundering Allegations

The attorney general of Mauritius, Ravi Yerrigadoo, stepped down in September after allegations that he helped launder gambling money. The scandal could disrupt the island nation's attempt to restructure its economy to be based more on offshore banking, business outsourcing, luxury real estate, and medical services. Mr. Yerrigadoo denied the allegations and said he had stepped down from his post to avoid any appearance of a conflict of interest while an investigation is ongoing.

TUNISIA

New Law Protects Former Officials Accused of Corruption

Tunisia's parliament passed a law in September 2017 protecting officials accused of corruption during the rule of dictator Zine El-Abidine Ben Ali. The law, which originally also granted amnesty to corrupt businessmen during the autocrat's rule, was passed after officials from Mr. Ben Ali's era were appointed as ministers of finance and education. The law was initially proposed in 2015 by current President Beji Caid Essebsi, who was also a former official under Mr. Ben Ali. The bill's passage was met by large protests in the streets of Tunisia.

MALAWI

Malawian Ministers to Testify in Abuse of Office Case

Three Malawian ministers will testify against former Agriculture Minister George Chaponda who has been charged with abuse of office over a maize procurement contract. President of Malawi, Peter Mutharki, launched an investigation in January over the government order for 100,000 tones of Zambian white maize after an opposition leader said he had seen documents showing Malawi had been charged an extra \$130 per ton. Mr. Chaponda was arrested, fired and charged with abuse of office and possession of foreign currency without lawful justification in July. No date has yet been set for his trial.

ANGOLA

New President Vows to Fight Corruption

Angola President João Lourenço vowed to fight corruption in the country at his

inauguration speech. Mr. Lourenço is the country's first new president in 38 years, although the former president, Jose Eduardo dos Santos, remains head of the ruling MPLA party which will give him influence over key policy decisions.

Australia

Former Public Transport Executive Sentenced to Jail for Masterminding Kickback Scheme

Former Public Transport Victoria senior executive Barry Wells was sentenced to eight years and nine months in jail for his part in a seven year scam where Mr. Wells illegally awarded transport contracts to companies he had helped set up or hand an undisclosed interest in. Mr. Wells perpetrated the scheme with the help of the former Department of Transport executive Albert Ooi. The two set up a complex arrangement where trust structures were used to move the money out of companies and into their personal accounts. The two were responsible for awarding over AU\$17 million (US\$13.5 million) in state government contracts with Mr. Wells making AU\$1.3 million (US\$1 million) in profit from the scheme and Mr. Ooi pocketing AU\$2.3 million (US\$1.8 million). Mr. Wells pleaded guilty to conspiracy to defraud the State of Victoria and receiving secret commissions. Mr. Ooi pleaded guilty to the same charges back in April 2017 and received an eight year sentence, receiving a reduced sentence for giving evidence against his co-conspirator.

Chinese Police Must Follow New Rules When Pursuing Suspects in Australia

Australia has implemented a new set of rules that Chinese officials will have to follow when pursuing suspects of economic crimes in Australia. The rules, negotiated between the two countries, require that an Australian Federal Police officer is present for any

interaction between Chinese police and a suspect, that all interviews must be recorded by Australian authorities and involve an independent translator, and bans the parading of returning fugitives in front of Chinese television cameras. China can still not force a suspect to return, as Australia has refused to sign an extradition treaty with China.

World Bank Debars SMEC International for Misconduct

The World Bank announced a Negotiated Resolution Agreement (NRA) debarring Australian company SMEC International Pty. Ltd. for 12 months over misconduct by the company and its subsidiaries in World Bank-financed projects in Sri Lanka, Bangladesh, and India. The announcement follows an investigation by the World Bank which found that SMEC International made misrepresentations to meet bidding requirements and also found evidence indicating that inappropriate payments were made. Along with SMEC International, four of its controlled subsidiaries in India, Bangladesh, and Sri Lanka will be debarred for periods ranging from six to 30 months for their involvement. SMEC Holdings Pty. Ltd., parent company of SMEC International, also agreed to make any necessary enhancements to its group-wide corporate integrity program to ensure it's consistent with the World Bank's Integrity Compliance Guidelines.

Latin America

GUATEMALA

President Morales Immune from Prosecution

President Jimmy Morales will keep his immunity from prosecution. On September 11, 2017, Congress voted overwhelmingly to allow the president to keep his immunity, protecting him from prosecution from a campaign finance

investigation being pursued by Ivan Velazquez, head of the United Nations anticorruption panel. Guatemalan lawmakers voted to allow him to keep his immunity a second time on September 21, 2017 after massive street protests calling for Mr. Morales' resignation. As reported in last month's Digest, the anticorruption panel released allegations of violations in Mr. Morales' party, as well two other political parties, during the 2015 election. The vote by Congress to allow Mr. Morales to keep his immunity was seen as a sign of the political parties closing ranks. However, on September 27, 2017, the country's chief prosecutor again asked the Supreme Court to strip President Morales' immunity to allow an investigation into \$61,000 that Mr. Morales appeared to receive from the army.

Guatemala Passes and Repeals Controversial Graft Reforms

Guatemala's Congress repealed controversial graft reforms after it was criticized as a serious setback in that country's fight against corruption. Congress had approved a "national emergency" decree to curb penalties for illegal campaign financing, lowering sentences for campaign financing crimes from 12 to ten years and allowing ten-year sentences to be commuted by payment of a fine. The legislation was passed on September 13, 2017, suspended by the country's constitutional court the following day, and repealed by Congress on September 15, 2017.

COLOMBIA

Local Director of Operations for Jeronimo Martins Arrested

Local director of operations for Portuguese food retailer Jeronimo Martins was arrested on bribery charges in Columbia. Jeronimo Martins, the largest food retailer in Poland and second largest in Portugal, has been expanding in Columbia since it entered the

market in 2013. The company reported the bribery allegations of the individual to Columbia officials themselves.

URUGUAY

Vice President Steps Down Amid Allegations of Corruption

Raul Sendic stepped down as vice president of Uruguay amid allegations of corruption stemming from alleged credit-card misuse during his time serving as head of state oil company ANCAP. The allegations first surfaced earlier this summer when a weekly publication, *Busqueda*, reported that Mr. Sendic used corporate credit cards to purchase jewelry, electronics, furniture, and other goods between 2010 and 2013. He is replaced by Lucia Topolansky, wife of former President Jose Mujica.

MEXICO

Panama Agrees to Extradite Former State Governor

Panama has agreed to authorize the extradition of Roberto Borge, a former state governor of Quintana Roo, from Mexico's ruling Institutional Revolutionary Party. Mexican prosecutors allege that Mr. Borge used funds obtained illegally, embezzled and abused public office. In July 2017, another former member of the party, former governor of Veracruz, Javier Duarte, was extradited from Guatemala to Mexico. He is accused of embezzlement and engaging in organized crime.

BRAZIL

Two More Charges and Another Investigation Against President Temer

Before ending his term as chief prosecutor for Brazil's anti-corruption division, Rodrigo Janot filed two more charges against President Michel Temer, one for racketeering, and another for obstruction of justice. The charges were based on the plea-bargain testimony of the owners of JBS SA, the world's largest meatpacker. In their testimony, the owners alleged that President Temer took bribes in return for political favors and conspired to buy the silence of a witness who could implicate Mr. Temer. The lower house of Congress will vote on the new charges after the Brazilian Supreme Court voted to send the charges to them. Brazil's lower house of congress blocked charges filed in August against the president, which means they cannot be pursued until President Temer leaves office.

The president is also facing a new investigation for suspected corruption involving a decree regulating ports. The new investigation comes out of a wiretapped conversation of an aide allegedly discussing shaping the decree in return for bribes to Mr. Temer from port operator Rodrimar SA. The Supreme Court of Brazil authorized the investigation, noting that Mr. Janot had found "strong indications" of crimes.

Charges Against Members of President Temer's Party

Four members of President Michel Temer's party are facing bribery related charges. Three current senators and former senator and President Jose Sarney were charged with forming a criminal organization that illicitly received 864 million reais (approximately US\$279.84 million) and generated losses of 5.5 billion reais (US\$1.7 billion) for Petrobras

and 113 million reais (US\$35.6 million) for Petrobras subsidiary Transpetro.

Former Presidents da Silva and Rousseff Charged

Former presidents Luiz Inácio da Silva and predecessor Dilma Rousseff and others from the Workers Party were charged with running a criminal organization from 2002 to 2016. It was related to the sprawling “Operation Car Wash.” While Mr. da Silva was convicted in July 2017 of corruption and money laundering, this is the first charge filed against Ms. Rousseff, who was impeached last year for violating budgetary rules. Attorney General Rodrigo Janot described the governments of both presidents as fronts for a criminal enterprise through which senior politicians collected approximately \$450 million from entities that included state-owned Petrobras and the Brazilian National Development Bank. The charges come as another blow to Mr. da Silva, who is a current front-runner ahead of Brazil’s presidential election next year, but is currently barred from holding office unless he can successfully appeal his recent corruption conviction. Mr. da Silva also faces four other corruption trials.

The other individuals charged in the case include: former finance minister, Guido Mantega; former communications minister, Paulo Bernardo; former finance minister to Mr. da Silva and chief of staff for Ms. Rousseff, Antonio Palocchia; former treasurer for the Workers’ Party João Vaccari Neto; and the mayor of Araraquara, Edinho Silva.

Da Silva’s Finance Minister Accuses Him of Taking Bribes

Former finance minister Antonio Palocci accused former Brazilian President da Silva of receiving bribes from Odebrecht. Lawyers for Mr. Palocci said that he told prosecutors that Mr. Lula accepted 300 million reais (US\$97 million), a country house in Sao Paulo state, and a purchase of land for an institute in his

name. Mr. da Silva was questioned in the case by Judge Sergio Moro, the same judge that sentenced the former president to nine and half years in prison in July 2017 for accepting bribes from engineering firm OAS for helping the firm win contracts from Petrobras. Mr. da Silva denies the allegations and said that Mr. Palocci, sentenced to 12 years in prison last year after being charged with acting as an intermediary for government officials and Petrobras, was making accusations to try and obtain a favorable deal with prosecutors.

Billionaire Batista Brothers Arrested and Plea Deals Revoked

Charges were filed against Joesley Batista in September 2017, the billionaire former chairman of JBS who implicated President Temer, for concealing other crimes in his plea bargain deal. A few days later, Wesley Batista, chief executive of JBS, was also arrested for alleged insider trading to avoid losses related to the earlier plea deal. The two brothers had previously been assured immunity for their testimony. Their arrests and revocation of their plea deals are a good sign for President Temer, who is looking to beat back two more corruption charges brought against him in September. However, newly appointed Prosecutor General Raquel Dodge said that the revoking of the plea deal did not erase the evidence provided against President Temer.

New Top Prosecutor in Brazil

Raquel Dodge is the new prosecutor general, tasked with leading Brazil’s anti-corruption campaign. She is taking over for Rodrigo Janot, who led the unit when investigators uncovered Brazil’s largest graft scheme involving billions of dollars in political kickbacks for contracts at state-run companies. Ms. Dodge came second in the vote held by federal prosecutors to pick Mr. Janot’s replacement, but President Temer got the final word in selecting the nominee and chose her over the top vote-getter. Ms. Dodge invited the whole team working on the “Car

Wash” investigation to stay on, but since few expressed interest, she has decided to replace the entire team with her own picks. In her first press conference since taking office, Ms. Dodge said she is committed to continuing the sprawling “Car Wash” corruption investigation.

Home of Farm Minister Raided

The home of Brazilian billionaire and Agriculture Minister Blairo Maggi was raided

by Brazilian police following the opening of a bribery probe into Mr. Maggi’s role in a scheme known as “mensalinho.” The alleged scheme involved a monthly payment to lawmakers in exchange for political support for Mr. Maggi in his home state of Mato Grosso where he served two terms as governor between 2003 and 2010. The raid is linked to the plea deal of former Mato Grosso state governor Silval Barbosa, who is accusing Mr. Maggi of participating in the corruption scheme.

ANALYSIS

THE GLOBAL REACH OF THE ODEBRECHT SCANDAL

The massive Odebrecht scandal involves allegations that the giant Brazilian construction company paid bribes to government officials or those running for government positions in exchange for their help in securing construction contracts. While the scandal has been concentrated in Latin America, particularly Brazil where almost a third of government ministers are facing investigations, two African countries and one European country are now also involved in the far-reaching, and continually expanding, scandal. The following chart summarizes the investigations to date.

Countries Linked to the Odebrecht Scandal (Total Bribes Paid)

<u>Admitted</u>	<u>Alleged</u>	<u>Under investigation</u>
Angola (\$50m) Argentina (\$35m) Brazil (\$349m) Colombia (\$16m) Dominican Republic (\$92m) Ecuador (\$33.5m) Guatemala (\$18m) Mexico (\$10m) Mozambique (\$1m) Panama (\$59m) Peru (\$29m) Venezuela (\$98m)	Antigua (\$10.5m) El Salvador	Chile Portugal

Source: BBC

RECENT ARTICLES OF NOTE

McGee, Robert W, "The Panama Papers: A Discussion of Some Ethical Issues," Journal of Insurance and Financial Management 3(3): 1-41 (2017). Mr. McGee's article explores the "Panama Papers," a massive leak of information regarding using offshore entities that have implicated government officials from many different countries. The paper takes a deeper look at the ethical implications of using offshore entities to park assets. The paper is currently available at SSRN and can be downloaded [here](#).

Spalding, Andrew Brady, "Restoring Pre-Existing Compliance Through the FCPA Pilot Program," University of Toledo Law Review, Vol. 48, 2017. This article looks at the DOJ's FCPA Pilot Program and the fact that it neglects to incentivize pre-existing compliance, instead focusing on remedial, or post-violation, compliance. Mr. Spalding argues that pre-existing compliance should be restored to its prior and rightful place as the keystone of FCPA enforcement policy. The [article](#) can be downloaded at SSRN.

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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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