



ANTI-CORRUPTION DIGEST

November 2017

Keeping ahead of global anti-corruption trends is critical in today's business markets. The 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

Alere to Pay \$13 Million to Settle FCPA and Accounting Fraud Charges

Massachusetts-based Alere Inc. will pay \$13 million to settle charges alleging that the company bribed foreign officials and engaged in an accounting fraud, according to a Securities and Exchange Commission (SEC) Cease and Desist order resolving the case. *In the Matter of Alere Inc.*, Admin. Proc. File No. 3-18228 (filed September 28, 2017). The \$13 million settlement is comprised of \$3.3 million in disgorgement plus interest and a \$9.2 million penalty.

According to the SEC's order, the medical device manufacturer made improper payments to obtain and retain business in Colombia and India. The Colombian payments related to Biosystems, a Colombian

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subsidiary of Alere (renamed Alere Colombia by the company in 2016). Biosystems made improper payments totaling \$275,000 from 2007 through at least 2012 to entities formed by the Colombian government to provide health insurance to its citizens. Although the Colombian entity in this case was private for most of the time period, it became an instrumentality of the Colombian government when the Ministry of Health took it over between 2011 and 2013. During this time period, Biosystems sold \$7.6 million of products to the Colombian entity, earning the company \$3.18 million in profits. The improper payments came to the attention of Alere after corporate management began an internal investigation into Biosystems' consulting payments in 2015. The improper payments were incorrectly recorded as legitimate consulting expenses in Biosystems' books and records.

Alere's improper payments in India related to a government contract that Alere's India-based subsidiary won in 2011 through a local distributor, according to the SEC order. After winning the contract, the India distributor wrote a letter to Alere India in early 2012, advising that if it paid local government officials a 4% commission, they would increase their orders of malaria testing kits from 200,000 to one million. Alere India's VP of Marketing and Development approved the commission. The India distributor then asked Alere India for a credit memo for the commission it paid and also deducted the commission from its payment for the initial order in its payment to Alere India, noting the reason. Alere India did not record the additional commission in its books. The unpaid credit memo was discovered in December 2012 by new management at Alere India. The new management initiated an internal investigation and requested and received reimbursement for the 4% commission paid by the India distributor. Alere India, however, retained the approximately \$150,000 in profits obtained for the increased contract with the Indian government.

The SEC found that Alere violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act for its conduct in both India and Colombia. The charges relate to its inaccurate recording of the improper payments in the company's books and records and internal control failures. In addition, the SEC's order found that Alere engaged in an accounting fraud "[b]etween 2011 and 2016... [by] engag[ing] in the improper premature recognition of revenue in its financial statements filed with the Commission." The revenue misstatements resulted from intentional early reporting of revenue by Alere's South Korean subsidiary and improper revenue recognition practices at Alere subsidiaries in Israel, South Africa, Ireland, and China, among others. As a result, the SEC found that Alere violated Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Section 17(a) of the Securities Act.

The Department of Justice (DOJ) has also looked into Alere's international sales practices. The company received a subpoena from the DOJ in March 2016 relating to its sales practices in Africa, Asia, and Latin America. The status of that was not discussed in either Alere's released statement discussing the SEC settlement or the SEC's Order.

Airbus Provided False Information to State Dept.

In its quarterly financial report, Airbus disclosed that it provided false information to the State Department regarding its compliance with rules on arms sales abroad. The discrepancy involved the use of sales agents and commissions to sell U.S. technology. The new disclosure heightens the possibility that the company could face a DOJ investigation. Airbus is already under investigation in the U.K., France, Germany, and Austria (discussed further in the Europe section of the Digest).

Core Lab Receives DOJ Declination

Core Lab reported that the DOJ closed its investigation into the company's interactions with Unaoil. The Amsterdam-based oil services company had first disclosed the investigation by the DOJ in May 2016. Core Lab was one of the companies named in a March 2016 report by *Huffington Post* and *Fairfax Media* that alleged Monaco-based Unaoil paid bribes for companies in the oil and gas sector. The company did not refer to the SEC investigation that it had first disclosed in February 2017, which may still be pending.

DOJ Examining its Corporate Prosecution Policies

In a speech at New York University's law school on October 6, Deputy Attorney General Rod Rosenstein stated that the DOJ is reexamining its corporate prosecution policies. Mr. Rosenstein signaled that significant changes could be on the horizon, stating that all existing policies were under review and that the DOJ was being "conscientious about reconsidering our assumptions." He identified four themes that would be reflected in any potential changes to the DOJ's policies: (1) "any changes will reflect our resolve to hold individuals accountable for corporate wrongdoing" (2) "[any changes] will affirm that the government should not use criminal authority unfairly to extract civil payments" (3) "any changes will make the policy more clear and more concise" and (4) "[any changes] will reflect input from stakeholders inside and outside the Department of Justice."

Mr. Rosenstein also discussed the DOJ's efforts to improve its training and culture, including increased training for attorneys and agents who investigate and prosecute corporate fraud; establishing a working group to track the DOJ's effectiveness in promoting accountability; reviewing current practices (such corporate monitors, the Foreign Corrupt Practices Act (FCPA) pilot program, corporate

investigation training programs, and the Financial Fraud Enforcement Task Force); and collaborating with the private sector in combating crime. He also commended efforts by many corporations to create "robust" compliance programs, stating that the "sophistication of compliance measures and tools that we see today regularly exceeds the measures that were in place ten years ago."

In another speech on October 26 at the U.S. Chamber Institute for Legal Reform, Mr. Rosenstein again discussed the importance of compliance programs and also noted that the DOJ is establishing a Working Group on Corporate Enforcement and Accountability. That group will offer recommendations "on promoting individual accountability and corporate cooperation." The Deputy AG also noted that the DOJ is "evaluating how to reward companies that demonstrate true commitment to upholding the rule of law."

U.S. Authorities Looking Into South African Corruption Scandal

Software company SAP SE is being investigated by the DOJ and SEC for possible FCPA violations in South Africa. The probe comes after an ongoing internal investigation found that it paid \$7.7 million in commissions to companies linked to the Gupta family to win contracts worth \$48 million to sell software to South African state firms, Transnet and Eskom. The payments occurred between December 2014 and November 2016. SAP disclosed the findings to U.S. authorities and took disciplinary action against three top South African managers. After a separate probe found loopholes in the company's compliance and due diligence controls regarding how sales are conducted in South Africa and other countries, the company has put a government sales commission ban in any country rated below 50 in the Transparency International's annual Corruption Perceptions Index. In 2016, SAP paid a \$3.9 million fine to the SEC related to a Panamanian bribery scheme.

The *Financial Times* also reports that the FBI has opened a broader investigation into U.S. ties to the three Gupta brothers, probing individuals, bank accounts, and companies in the U.S. The probe is also focusing on the two nephews of the Gupta brothers, Ashish and Amol Gupta, who are both U.S. citizens. The South African police force said that it had not yet received a request from the FBI for cooperation, but it would cooperate if one is forthcoming.

Investigations into the political scandal over the Gupta brothers' alleged use of their influence with South African President Jacob Zuma are also continuing in South Africa and the U.K. These developments are discussed further below.

Former Guatemalan Judge Sentenced to Jail in FIFA Probe

Former Guatemalan Judge Hector Trujillo was sentenced to eight months in prison in late October in the U.S. FIFA probe. *US v. Webb et al.*, No. 15-cr-00252 (E.D.N.Y. filed May 20, 2015). Mr. Trujillo was the first person to be sentenced in the ongoing probe.

As previously reported in the Digest, Mr. Trujillo admitted in June that he had helped secure media and marketing rights for World Cup qualifying matches for a media company in exchange for kickbacks. More than 40 individuals and entities have been charged in the U.S. probe into bribe payments totaling more than \$200 million. Mr. Trujillo had asked U.S. District Judge Pamela Chen to be allowed to return to Guatemala without prison time, stating that he had suffered enough. Judge Chen disagreed but sentenced Mr. Trujillo to much less jail time than the 33 to 41 months called for by federal sentencing guidelines.

FINRA Bans 1MDB Fund-linked Former Goldman Sachs Banker

The Financial Industry Regulatory Authority (FINRA) banned Tim Leissner, a former Goldman Sachs banker with ties to the allegedly looted Malaysian 1MDB fund, after he refused to cooperate with a FINRA investigation. Mr. Leissner did not respond to FINRA requests seeking information related to his departure from Goldman Sachs in 2016. He served as the chief of Goldman Sachs in Southeast Asia, and managed the client relationship with the 1MDB fund for three bond issues from 2012 to 2013. Mr. Leissner resigned from Goldman Sachs in February 2016. The Monetary Authority of Singapore (MAS) also banned Mr. Leissner for 10 years from March 13, 2017. According to MAS, Mr. Leissner issued an unauthorized reference letter for Low Taek Jho, the man at the center of the alleged 1MDB scheme, as previously reported in the Digest. Mr. Leissner agreed to be banned from FINRA in a Letter of Acceptance, Waiver, and Consent he signed with the agency.

Retired U.S. Army Colonel Indicted in Haitian Bribery Probe

A retired U.S. Army colonel, Joseph Baptiste, was indicted in early October for his part in a Haitian bribery and money laundering scheme. *US v. Joseph Baptiste*, No. 17-cr-10305 (D. Mass. filed October 4, 2017). He was charged with one count of conspiracy to violate the FCPA and the Travel Act, one count of violating the Travel Act, and one count of conspiracy to commit money laundering.

Mr. Baptiste is alleged to have solicited bribes from undercover FBI agents in Boston posing as potential investors in connection with an \$84 million Haitian port development project. According to the indictment, Mr. Baptiste said he would funnel payments to Haitian officials through his Maryland non-profit, which was purportedly set up to help impoverished residents of Haiti. Agents wired about \$50,000

to the non-profit, and Mr. Baptiste used the money for personal expenses, but “intended to seek additional money from the undercover agents to use for future bribe payments in connection with the port project.” Mr. Baptiste was arrested in late August, and originally charged with one count of conspiracy to violate the FCPA and to launder money.

Landmark 72 Fraud Middleman Sentenced to 42 Months in Prison

Malcom Harris, the man convicted of taking bribes from a father and son who thought they were bribing a sovereign wealth fund to land a real estate deal in Vietnam, was sentenced to 42 months in prison in October. *US v. Bahn*, No. 16-cr-00831 (S.D.N.Y. filed December 15, 2016). Mr. Harris pleaded guilty in June to one count of wire fraud and one count of money laundering. A federal judge in New York sentenced him to 42 months on each count, with the sentences running concurrently, so he won't serve more than 42 months.

From 2013 until 2015, Mr. Harris took \$500,000 from Joo Hyun Bahn aka Dennis Bahn (Bahn) and his father, Ban Ki Sang (Ban), while posing as an agent of a foreign official. Mr. Harris told the father-son team that the bribe money would be used to help sell an \$800 million commercial building in Hanoi, Vietnam — known as Landmark 72 — to a Middle Eastern country's sovereign wealth fund. In reality, Mr. Harris used the money for personal expenses. As previously reported in the Digest, Ban is the brother of former United Nations Secretary-General Ban Ki-moon.

Florida Businessman Pleads Guilty and Four Arrested in Connection with Venezuelan Oil Company Bribery

Fernando Ardila Rueda, a part owner of several Florida-based businesses, pleaded guilty in October to bribery charges stemming

from a scheme to win contracts from Venezuela's state oil company, Petroleos de Venezuela S.A. or PDVSA. *US v. Ardila-Rueda*, No. 17-cr-00515 (S.D. Tex. filed August 24, 2017). He pled guilty in Houston federal court to one count of conspiracy to violate the FCPA and one count of violating the FCPA. Mr. Ardila conspired with two U.S.-based Venezuelan businessmen to bribe purchasing analysts at PDVSA, including providing entertainment and cash bribes to PDVSA officials. The bribe payments were tied to the value of the contracts the officials helped Mr. Ardila win. Mr. Ardila's sentencing is scheduled for February 8, 2018. He is the tenth individual to plead guilty in the ongoing investigation.

Four former Venezuelan officials were also arrested in connection with the U.S. investigation. The arrests were carried out by Spanish authorities based on an international detention order for extradition issued by a South Texas District Court, according to the Spanish Civil Guard. The four officials included a former aide to Venezuela's ambassador to the United Nations, a former deputy energy minister, a former official at a state-run electric company and a former senior executive at PDVSA's procurement unit. The four arrests represent the most senior former officials detained as part of the probe.

HSBC Trader Found Guilty in Front Running Scheme

The former head of global foreign exchange cash trading for HSBC Bank plc was convicted of “front running” in the foreign exchange markets by a jury after a four week trial. A key part of the evidence heard by the jury was tapes of the trading transactions. *U.S. v. Johnson*, No. 16-cr-457 (E.D.N.Y.).

In the fall of 2011 HSBC was approached by Carin Energy Company, a publically traded U.K. oil and gas firm, about a transaction. Specifically, the head of HSBC's foreign exchange cash trading unit, defendant Mark Johnson, learned that the firm was going to

enter into a transaction that would require converting \$3.5 billion in sales proceeds into British Pound Sterling. The information was highly confidential. Accordingly, HSBC was required to maintain the confidentiality of the information.

Despite the confidentiality obligation, Mr. Johnson, and others acting under his direction, purchased Pound Sterling for the bank's proprietary accounts shortly before the Carin transaction was to occur. In December 2011 when Carin was ready to proceed Mr. Johnson and others at the bank executed the transactions in a manner designed to "ramp" or drive-up the price of Pound Sterling. That benefited HSBC at the expense of the Carin. The bank made a profit of \$7.5 million on the transactions. Following the transaction, misrepresentations were made to Carin to conceal the nature of the transaction.

Mr. Johnson was convicted of one count of conspiracy to commit wire fraud and eight counts of wire fraud. The Government is trying to extradite Stuart Scott, a colleague of Mr. Johnson. Previously, the Fed fined the bank \$175 million in connection with the transaction. The date for sentencing has not been set.

EUROPE

SWEDEN

Bombardier Employee Acquitted of Aggravated Bribery

On October 11, 2017, a Stockholm district court acquitted Evgeny Pavlov, a Russian employee of Bombardier Transportation Sweden AB who had been accused of aggravated bribery in one of Sweden's biggest corruption cases to date.

Mr. Pavlov had been on trial for allegedly bribing a government official in Azerbaijan in 2013 to win a contract for a train signaling

system, valued at about \$340 million. Bombardier was part of the consortium awarded the contract, which was to supply signaling equipment for a 500 kilometer track connecting Europe and Asia to Azerbaijan Railways.

Mr. Pavlov would have faced deportation and a six year jail sentence if convicted. His lawyer, Cristina Bergner, commented that Mr. Pavlov was too junior within the company to collude with Azerbaijani officials. Upon Pavlov's acquittal, the District Court in Stockholm stated that the prosecutors had not established that he had "promised or offered an unfair advantage" to the official.

Swedish prosecutor Thomas Forsberg is considering whether to appeal the decision. Prosecutors are also conducting a preliminary investigation into higher ranking employees of Bombardier.

UNITED KINGDOM

Regulators Review U.K. Banks' Links to South African Corruption

The U.K.'s Financial Conduct Authority and National Crime Agency have opened an investigation into whether certain banks had been exposed to transactions involving individuals and funds linked to the Gupta family and South African President Jacob Zuma. President Zuma and the Guptas are the subject of an anti-corruption inquiry in South Africa, due to allegations that the Guptas had bought influence over the government. The investigations were opened based on a request from the British Chancellor of the Exchequer, Philip Hammond.

The issues were first raised in a letter from Lord Peter Hain, a Labour peer. Lord Hain warned that information from whistleblowers suggests that around £400 million (about US\$525 million) may have been transferred via Hong Kong and Dubai. HSBC and

Standard Chartered were specifically identified, due to their significant presence in the two respective financial centers, although no allegations of wrongdoing have been advanced against those banks. Standard Chartered stated that “after an internal investigation, accounts were closed by us by early 2014” while HSBC did not comment on the matter.

Bertling Executives Sentenced

On October 20, 2017 three former senior employees of the F.H. Bertling group, Joerg Blumberg, Dirk Juergensen and Marc Schweiger, were sentenced to 20 months (suspended for two years), fined £20,000 (US\$26,400) and disqualified as company directors for five years. The sentences followed their convictions of conspiracy to make corrupt payments earlier this year in relation to F.H. Bertling’s freight forwarding business in Angola.

Giuseppe Morreale and Stephen Emler, two other ex-employees who pleaded guilty to the charges, will be sentenced following the conclusion of connected proceedings that are scheduled to begin in September 2018, while Ralf Petersen, who also pled guilty, is now deceased.

FRANCE

Olympics Bribery Inquiry Extended to Include Société Générale

French prosecutors are currently investigating Société Générale, one of France’s largest banks, according to a *New York Times* report released in early October. The investigation relates to Société Générale’s alleged role in facilitating the transfer of \$2 million, which may have been a bribe to ensure Rio de Janeiro won the rights to host the 2016 Summer Olympics.

Payments from a wealthy Brazilian businessman to the son of a former International Olympic Committee member, made days before Rio was picked to host the Games in October 2009, discussed further in the Latin America section of the Digest, were routed to Société Générale accounts. It is alleged that the bank may have breached money-laundering regulations.

Société Générale did not comment on the investigation, but issued a statement that “[t]he Group considers the fight against corruption and money laundering as a top priority.”

French Authorities Investigate Motorsport Sale

Formula 1’s governing body, Federation Internationale de l’Automobile (FIA), is being investigated by French anti-corruption authorities to establish whether the FIA approved the sale of Formula 1 to Liberty Media in January 2017 while the FIA held a stake in Formula 1. Authorities are reviewing allegations of conflict of interest, as the FIA acquired a 1% stake in the sport for \$500,000 (even though it had an alleged market value of \$70 million). According to commentators, the stake “could only be cashed in when F1’s controlling shareholder, CVC Capital, sold its shares [which] required the FIA’s approval.”

FIA denies any conflict, stating “[w]e are entirely confident that any investigation would find that the FIA has acted appropriately at all times, and we stand ready and willing to cooperate with any enquiries should any investigation be commenced or clarification sought by the appropriate authorities.”

The U.K.’s Serious Fraud Office is also investigating the sale.

Son of Equatorial Guinea Leader Sentenced in French Court

Teodorin Obiang received a three-year suspended sentence and a €30 million (US\$35 million) fine for embezzlement,

money-laundering, corruption, and abuse of trust. The case is the first of three involving families of African leaders accused of using ill-gotten gains from their countries' coffers to fund luxurious lifestyles in France. Mr. Obiang was tried in absentia. The case was filed, along with the others, nearly 10 years ago by anti-corruption NGOs Transparency International and Sherpa.

The court ordered that Mr. Obiang's assets be confiscated, including his €107 million (US\$125 million) mansion near the Champs-Élysées. However, the U.N. court ordered France to give the property diplomatic protections in an interim ruling last December. Its confiscation will have to wait for a final ruling from The Hague.

AUSTRIA

Airbus Prepares for Potential Penalties in Eurofighter Bribery Probe

Tom Enders, the CEO of Airbus, warned employees in a letter on October 6 that Airbus faces “potentially serious consequences – including significant penalties to the company” as a result of the long-running investigations into alleged corruption. Investigations are currently under way in a number of European jurisdictions, including Austria, Germany, France, and the U.K.

The investigations relate to allegations of fraud and corruption in the sale of fighter jets to national defense ministries. A Paris-based Airbus business unit is alleged to have built a network of shell companies linked to London-based Vector Aerospace (formerly the group's aircraft maintenance subsidiary), which allowed the group to bribe Austrian decision-makers while Vienna was considering its purchase of Eurofighter military jets. The Austrian Eurofighter deal was worth about €2 billion (around \$2.3 billion).

Airbus denies the allegations, which Mr. Enders has called “completely unsubstantiated.”

Mr. Enders, who is under formal investigation in Austria as part of the inquiry, stated that he does not currently see any reason to step down from his role as CEO, but would be prepared to do if he was “no longer part of the solution.”

ITALY

Italian Court Files Request for Indictment Against Shell

On October 16, 2017, prosecutors in Milan issued a formal request in London for an indictment on bribery charges of four former executives of Shell. The request relates to an alleged \$1.1 billion bribery scheme aimed at acquiring oil exploration rights in Nigeria. Shell has denied the allegations.

BULGARIA

Bulgarian Government Adopts Anti-Corruption Bill

The Bulgarian government approved a bill aimed at countering corruption on October 4, 2017. The bill is subject to approval by the Bulgarian Parliament.

The bill would establish a new anti-corruption body, creating a unified independent authority which would be responsible for the verification of asset declarations, the evaluation of conflicts of interest and the preparation of court claims for the confiscation of illegally acquired assets.

The proposed measures have been fraught with difficulty, facing rival bills tabled by the opposition party in Bulgaria's National Assembly. Talks held through October have failed to produce agreement on the role and functions of the future anti-corruption body.

SLOVAKIA

Landmark Prosecution Results in Jail Sentence

In Slovakia, a special court has sent two high ranking former government ministers to prison for crimes arising from facilitation of a €120 million (US\$141 million) tender in 2007 that was said to have been designed to favor a company close to the ministers. Marian Janusek and Igor Stefanov, former Construction and Development Ministers, were sentenced to twelve- and nine-year prison terms, respectively. Charges against three lower-ranking ministry officials involved in the transaction were dismissed.

This is the first time that a top-level politician has been sentenced to jail in Slovakia.

UKRAINE

Venice Commission Rejects President Poroshenko's Anti-Corruption Chamber Plans

The European Commission for Democracy through Law (known as the Venice Commission) rejected President Petro Poroshenko's proposal that an anti-corruption chamber be established within Ukraine's existing court system on October 9, 2017.

The Venice Commission explained that "parts of the judiciary itself have for many years been considered as weak, politicized and corrupt" which has led to "the complete absence of convictions in such [grand corruption] cases." The Venice Commission has proposed that, instead, independent anti-corruption courts be established.

In anticipation of the Venice Commission's decision, President Poroshenko appeared to reverse his previously negative stance on anti-corruption courts by announcing that he would create a working group in order to find a

compromise. Following the decision, President Poroshenko vowed on October 20, 2017 that Ukraine would launch an anti-corruption court. He also stated that next year's draft budget has money set aside for such a court.

ROMANIA

Romanian Lawmaker Retains Immunity Against Corruption Charges

Romania's parliament voted 184-99 on October 17, 2017 to allow Rovana Plumb, Romania's former minister for European Funds, to retain her parliamentary privilege against prosecution. The vote follows allegations that Ms. Plumb and former Deputy Prime Minister Sevil Shhaideh had been involved in the transfer of land to a local council that was then illegally leased to a private company.

The ministers resigned on October 12, 2017. Each denied any wrongdoing.

PORTUGAL

Portugal's Ex-Prime Minister Indicted on Corruption

Former Portuguese Prime Minister Jose Socrates was indicted on allegations that he received millions of euros from a fraudulent scheme involving the former heads of Portugal Telecom and Espirito Santo bank (both of which no longer exist). The allegations stem from a four year inquiry.

Mr. Socrates is charged with passive corruption while holding political office, money laundering, forging documents and tax fraud between 2006 to 2015. It is alleged that the former Prime Minister received payments via a Swiss bank account for granting improper commercial benefits to LENA, a construction company. His attorney said that the 4,000

page indictment is “part of a spectacle, they only serve to make believe that there is something, when there is nothing.” A trial date has not yet been allocated.

SWITZERLAND

FIFA Anti-Corruption Case Continues

Nasser Al-Khelaifi, the Qatari President of the Paris Saint-Germain football club and CEO of BeIN Media Group, is under investigation by Swiss prosecutors. It is alleged that Al-Khelaifi is guilty of bribing a top FIFA executive to obtain World Cup broadcasting rights. Former FIFA Secretary General Jerome Valcke and a presently unnamed businessman are also being investigated. Swiss prosecutors claim that Valcke received “undue advantages” to award certain media rights.

The Paris office of BeIN Sports has been searched by French authorities in connection with the investigation. Properties in Greece, Italy and Spain were also searched. In addition, a luxury Italian villa valued at €7 million has been seized. Italian police believe the villa to have been made available by Al-Khelaifi to Valcke.

AFRICA

SOUTH AFRICA

Corruption Charges Against President Zuma Reinstated

Corruption charges dating back to 2009 against President Jacob Zuma will be reinstated. The country’s Supreme Court of Appeals ruled to uphold an April 2016 decision by the High Court to reinstate the 783 corruption charges initially brought before Mr. Zuma became president.

The charges relate to a 30 billion rand (US\$2 billion) government arms deal arranged in the late 1990s for which Mr. Zuma’s former financial planner was jailed for corruption. The National Prosecuting Authority (NPA) originally decided to drop the charges based on phone intercepts presented by Mr. Zuma’s legal team which suggested that the timing of the charges was part of a political plot to end then-Deputy President Zuma’s plans to run for the presidency. It still remains to be seen whether the NPA will move forward and indict President Zuma based on the reinstated charges.

President Zuma Appears at Court Hearing Over Gupta Scandal

President Zuma asked the country’s High Court to reject the request for an official inquiry into the alleged scandal involving the Gupta brothers. The allegations relate back to a report issued by South Africa’s anti-corruption agency released last year. The “State of Capture” report focused on allegations that the Gupta brothers had used their influence with President Zuma to influence the appointment of ministers. The report called for an inquiry to be set up and a judge appointed within 30 days of its release. The president asked the court to send it back to the agency for further investigations and also questioned the right of the report’s author to call for a judicial inquiry. The High Court is expected to make a decision on the case later this year.

Standard Bank Reviews Connections to Zuma/Gupta Corruption Scandal

Standard Bank, the second biggest South African bank, is reviewing its ties to companies ensnared in the corruption scandal involving President Zuma and the Gupta family. The banks announced that its CEO has already met with auditor KPMG, who recently fired its local leadership and lost eight clients after an internal investigation found its work had fallen

“considerably short” of its standards in auditing of Gupta-owned firms. Standard Bank is also reviewing its ties to consultant McKinsey and IT software supplier SAP. SAP began an internal investigation in July 2017 into allegations that its South African unit paid kickbacks to a firm linked to the Guptas to win a contract.

McKinsey Failed to Follow Its Procedures in South Africa

Consultancy company McKinsey & Co. is suspending work for state companies after an internal investigation found it failed to follow its procedures when working with the country’s power company, Eskom Holdings SOC Ltd. In addition, Barclays Africa and Standard Bank said they would stop working with McKinsey.

McKinsey is currently being investigated by the South African parliament regarding whether the firm knowingly let funds from state utility Eskom be used to pay the Guptas to secure a \$78 million contract to advise Eskom. McKinsey denies having worked with the Gupta family and approving any illicit payments to secure contracts. The firm did state that it failed to follow its due diligence procedures when working with Trillian Capital Partners, a financial services firm associated with the Guptas, at state power company Eskom. The power company is currently conducting an investigation into the matter.

NIGERIA

Top Civil Servant Fired After Corruption Allegations

Babachir Lawal, Nigeria’s top civil servant, was fired by President Muhammadu Buhari after an investigation accused Mr. Lawal of corruption. The probe found that Mr. Lawal inflated the value of contracts for humanitarian aid projects as part of a suspected kickback scheme.

LATIN AMERICA

BRAZIL

President Temer Avoids Corruption Charges

President Michel Temer will not have to stand trial on corruption and obstruction of justice charges. The lower house of Congress voted 251 to 233 to shelve the charges against the president. This is the second time in three months that Brazilian lawmakers have been asked to vote on whether Mr. Temer would have to stand trial for his alleged role in a bribery scheme involving Brazilian meatpacker JBS. Both sets of charges were filed by former attorney general Rodrigo Janot. The second set of charges was filed just days before the September 2017 end of Mr. Janot’s term. Although President Temer managed to avoid the corruption charges, recent polls show that he is the most unpopular leader of the country in modern times with a 3% approval rating. While the recent votes spare Mr. Temer, after he leaves office prosecutors retain the option to bring charges.

Six Charged with Corruption in 2016 Olympic Games Investigation

Brazilian prosecutors charged the former head of the Brazilian Olympics Committee (BOC) along with five others with corruption charges in connection with a \$2 million payment to secure votes for Rio de Janeiro for the 2016 games. Brazilian police raided the home of Carlos Nuzman, whose tenure as head of the BOC lasted for 22 years, last month. Authorities are accusing him of paying a \$2 million bribe to the son of Lamine Diack, a former member of the International Olympic Committee (IOC). Mr. Nuzman was arrested on October 6, 2017 and spent two weeks in jail. He sent a letter on October 11, resigning his position as head of the BOC. The BOC,

and Mr. Nuzman, have been suspended by the IOC due to their role in helping Rio de Janeiro secure the games over Chicago, Tokyo, and Madrid for the 2016 games.

Mr. Nuzman faces charges of racketeering, money laundering, and violating currency laws. The others charged in the corruption scheme include: Sergio Cabral, former governor of Rio de Janeiro; Leonardo Gryner, former BOC director; Brazilian businessman Arthur Soares; Lamine Diack, former IOC member from Senegal and former head of the International Association of Athletics Federation, and Mr. Diack's son, Papa Diack.

Mr. Soares, a Brazilian partner in the former Trump Hotel Rio de Janeiro, allegedly acted as the intermediary between Mr. Nuzman and Papa Diack and is currently a fugitive in the U.S., according to Brazilian prosecutors. Brazilian authorities asked the U.S. to freeze the accounts of Mr. Soares and execute a search warrant on his Miami residence in conjunction with other planned raids on September 5, 2017. The U.S. has delayed the request and claimed that the request for extradition by Brazil did not meet the evidentiary requirements, according the Brazilian authorities. The complaint, made public on October 18, does not suggest that anyone in the Trump organization was either involved in, or aware of, the scheme. The Trump Organization exited the hotel project in December 2016 when the hotel came under scrutiny in a separate criminal investigation.

Batista Brothers, Owners of JBS, to Face Trial Relating to Insider Trading

Brothers Wesley and Joesley Batista will face trial for charges relating to insider trading in stocks and foreign exchange transactions. The charges are tied to the Batista brothers' plea deal regarding bribes from JBS to Brazilian politicians. The brothers were arrested last month on allegations that they made trades before the plea deal and leniency

agreement for JBS SA were made public in May. According to Brazilian police, the two brothers saved 138 million reais (US\$44 million) by selling JBS stock the day before the news was announced.

The plea bargain testimony accused President Michel Temer of endorsing bribes paid by JBS to Brazilian politicians. Prosecutors are also investigating whether holding company J&F Investimentos SA violated the terms of the leniency deal. The holding company agreed in May 2017 to pay 10.3 billion reais (US\$3.2 billion) for its involvement in the corruption. JBS SA also recently pulled its planned \$500 million U.S. initial public offering (IPO) and have not issued any updated timetable on when the IPO will go forward.

Supreme Court Rulings Aid Politicians Under Investigation

Brazil's Supreme Court ruled that Congress should make the final decision regarding whether a sitting politician can be removed from office. Politicians in Brazil's Congress, one-third of which are being investigated for illegal activities, have been pushing for this ruling. The Supreme Court is the only court that can try sitting politicians.

The court also ruled that charges cannot be made based on plea bargain testimony by only one witness absent additional supporting evidence. The ruling came as part of a decision to dismiss corruption charges against Senator Renan Calheiros, former president of the Senate, who still faces seven other corruption investigations.

Former President's Assets Frozen Over 2006 Texas Refinery Purchase

Former President Dilma Rousseff's assets, along with those of others, were frozen as part of an investigation into a deal in which Petrobras is alleged to have significantly overpaid for assets. In 2006, Petrobras paid

\$360 million for 50% of Pasadena Refining in Texas, more than eight times what its previous owner paid for the refinery a year earlier. By 2012, the Brazilian-owned oil company had sunk \$1.18 billion into the refinery, for a total loss of \$580 million. Federal prosecutors said they uncovered evidence in 2015 that \$15 million in bribes were paid as part of the initial purchase price.

The asset freeze ordered by Brazil's federal audit court is designed to cover the potential losses to public from the Petrobras transaction. Others whose assets were frozen include the former head of Petrobras, José Sérgio Gabrielle, former Finance Minister Antonio Palocci, and three members of the Petrobras' board of directors.

VENEZUELA

Video Links President Maduro and Key Ally to Odebrecht Bribery Scandal

President Nicolás Maduro allegedly received \$35 million in bribes from Brazilian construction company Odebrecht, according to a video posted by the country's former attorney general. Luisa Ortega, who was ousted as attorney general this summer and has since fled the country, posted a video made by Brazilian prosecutors in December 2016 on her blog in October. The video shows Euzenando Prazeres de Azevedo, former manager of Odebrecht Venezuelan operations, saying he was "asked for a large sum" by Américo Mata, a representative of President Maduro and then head of Venezuela's rural development agency. At the time, Mr. Maduro was running for president. Mr. Azevedo states in the video that Mr. Maduro's representative asked for \$50 million, but he ultimately agreed to pay \$35 million. Senior Brazilian prosecutor Vladimir Aras confirmed that the recording is authentic.

This is not the first time President Maduro has been accused of accepting bribes from

Odebrecht. In July, Brazilian newspaper *O Globo* published an investigative report stating that Mr. Azevedo made payoffs in 2013 to Mr. Maduro as well as the other main presidential candidate, Henrique Capriles. President Maduro went on to beat Mr. Capriles by about 1.5% to secure the presidency. Mr. Capriles has denied the allegation.

A few days after releasing the first video, Ms. Ortega made available a second from Mr. Azevedo's deposition in which he describes giving illegal campaign contributions to Disodado Cabello, a key ally of Mr. Maduro and one of the country's most powerful politicians. The video showed Mr. Azevedo describing how Odebrecht was extensively involved in federal, municipal, and state elections in Venezuela between 2004 and 2013. According to Mr. Azevedo, Odebrecht contributed to Mr. Cabello's unsuccessful campaign for governor of Miranda State in 2008. Other leading politicians that Mr. Azevedo said received campaign funds included: Gian Carlo Di Martino Tarquino, current Venezuelan consul general in Milan, during his unsuccessful campaign for Zulia State governor in 2008; Elías Jaua, former vice president, during his failed run for governor of Miranda State in 2012; and Pablo Pérez, an opposition candidate who unsuccessfully ran for re-election as governor of Zulia State in 2012.

ECUADOR

Vice President Glas Jailed and Replaced

Urban Development Minister Maria Alejandra Vicuna will replace former Vice President Jorge Glas. The change comes after Mr. Glas was ordered held in pretrial detention over allegations that he took bribes from Odebrecht. Mr. Glas has not been charged. Nevertheless, Ecuador's Supreme Court accepted a request from prosecutors that the former vice president be jailed during the investigation. Odebrecht has admitted to

paying \$33 million between 2013 and 2017 in exchange for contracts in Ecuador. Mr. Glas has been alleged to be the ringleader by a fugitive former oil minister. Mr. Glas continues to deny any allegations of wrongdoing, instead accusing President Lenin Moreno of smearing him for political gain.

MEXICO

Ex-Governor Arrested on Corruption Charges

Former Governor Eugenio Hernandez was arrested on charges of illicit enrichment, embezzlement, and abuse of public office. Mr. Hernandez was governor of northern border state Tamaulipas from 2005-2010 and is part of the Institutional Revolutionary Party (PRI), the current ruling party. Mr. Hernandez is alleged to have purchased a state-owned property through an associate for almost 984 million pesos (US\$5.17 million) less than its actual value. The former governor was also indicted on money laundering charges in Texas in 2015 for which the U.S. may be seeking extradition of Mr. Hernandez. He is the fourth PRI ex-governor to be arrested this year.

Prosecutor Investigating Odebrecht Bribes Fired

Electoral crimes prosecutor Santiago Nieto was fired after giving an interview with newspaper *Reforma* on the investigation into whether Odebrecht money was used in President Enrique Peña Nieto's 2012 campaign. In the interview, the prosecutor said that Emilio Loyoza, former head of Mexican state oil company Pemex, had sent a letter asking that he be declared innocent of funneling Odebrecht money to the campaign. Shortly after the interview, Mr. Nieto was fired by the acting attorney general. The action was taken for violating agency rules regarding revealing information about an investigation. The Mexican senate must approve the firing of

Mr. Nieto. The governing Institutional Revolutionary Party has been attempting to make the vote secret. After the Senate vote stalled, Mr. Nieto said he was dropping the appeal of his dismissal. Although the former prosecutor continues to insist that the firing was illegal, he says now that the conditions no longer exist to "carry out the functions I was designated to do."

GUATEMALA

Former President and Vice President Will Face Corruption Trial

Former President Otto Perez Molina and former Vice President Roxana Baldetti will face corruption charges for a customs scheme dating from 2013 according to a ruling from a Guatemalan judge. The alleged scheme centered on businesses paying bribes to officials to avoid customs duties while Mr. Perez Molina and Ms. Baldetti were in office. The former president and vice president came to power in 2012 but were forced to resign in 2015.

Former President and Current Mayor Accused of Campaign Corruption

Former President and current Guatemala City Mayor, Alvaro Arzu, is being accused of campaign financing corruption. The accusations stem from testimony given by the wife of ex-army official Byron Lima. Mr. Lima was serving a prison sentence for the 1998 murder of Guatemalan Bishop Juan Jose Gerardi before being killed in a prison riot in 2016. According to his wife, Mr. Lima founded the front business that channeled money to Mr. Arzu's Unionist Party. In return, Mr. Arzu gave city paychecks to Mr. Lima's relatives. Chief prosecutor Thelma Aldana will seek to have Mr. Arzu's immunity from prosecution lifted so he can face trial.

President Morales' Bonus Won't Be Investigated

Guatemala's Supreme Court said that President Jimmy Morales' 50,000 quetzal monthly bonus pay (US\$6,808) will not be investigated. The federal auditor said on September 12, 2017 that it would investigate the bonus Mr. Morales receives each month from the Defense Ministry, called a "Bonus for Extraordinary Responsibility." No findings were produced. The bonus increased the president's total monthly pay to 200,000 quetzals (\$27,233). That made him one of Latin America's best paid leaders, netting him 70% more than the Chilean president, and 130% more than the Mexican president.

President Morales has since returned the bonus, prompting the Supreme Court to say that he should retain his immunity from investigation because he should not be judged twice for the same crime. This is the second potential probe in as many months that President Morales has faced. Last month, the Supreme Court preserved the president's immunity in the face of a potential investigation into illegal campaign financing payments.

U.N. Anti-Corruption Official Allowed to Remain in Guatemala

U.N. anti-corruption commissioner Ivan Velazquez will be allowed to remain in Guatemala after his visa was renewed for another year. The government also instructed Mr. Velazquez to "refrain from interfering in the internal affairs" of the country. The next day the Constitutional Court ordered the warning withdrawn, saying that a diplomatic note could not restrict the commission's work. President Morales previously tried to expel Mr. Velazquez from the country but was blocked from doing so by the Supreme Court.

ARGENTINA

Former Argentine Lawmaker Loses Immunity

Julio de Vido, former Planning Minister in President Cristina Fernandez's government, turned himself into authorities after being stripped of his immunity following his arrest on fraud and embezzlement charges. Mr. de Vido is being investigated for having the government overpay more than \$7 billion for liquefied gas and for embezzlement involving a project aimed at updating the Río Turbio coal mine. Mr. de Vido had been elected to the Chamber of Deputies in 2015 and had immunity from prosecution before the Chamber voted to remove it on October 25, 2017. Former President Fernandez is also facing suspicions of corruption while in office charges during 2007-2015. Nevertheless, he recently won election to become a senator, giving her immunity for the six-year term.

MIDDLE EAST

PAKISTAN

Sharif Indicted in Corruption Cases, Family Also Facing Charges

Recently ousted Prime Minister Nawaz Sharif was indicted in three corruption cases in October. The first two cases stem from the Panama Paper leaks showing that Mr. Sharif and his family had expensive residential holdings in London that had not been properly disclosed. In July 2017, the country's Supreme Court disqualified Mr. Sharif as both prime minister and president of Pakistan's ruling party, the Pakistan Muslim League Nawaz (PML-N). The ruling was based on these charges and ordered the National Accountability Bureau (NAB) to pursue the

case. Mr. Sharif was indicted on these charges on October 19, 2017, along with his son-in-law, Muhammad Safdar, and daughter, Maryam Nawaz Sharif. The former prime minister's son's, Hussain and Hassan Sharif, are also facing corruption charges but have not appeared for of the NAB. They remain in London with their mother. In view of their continued absence, the court began the process to declare them "proclaimed offenders" and separated their trial from that of the former prime minister and his daughter and son-in-law.

Following the initial indictment, Mr. Sharif was indicted in a third corruption case by the same court based on claims that he concealed assets abroad. Mr. Sharif has been in London with his sick wife and was not present for any of the indictments, but pleaded not guilty to the charges. A Pakistani court issued a "bailable arrest warrant" for Mr. Sharif when he failed to appear again before the court on October 26 because of a "religious pilgrimage" in Saudi Arabia. Mr. Sharif can avoid jail under this type of arrest warrant by paying bail, but could see further arrest warrants if he continues to not appear for court hearings. The next hearing in the case is set for November 3, 2017.

Earlier this month, the former prime minister was re-elected party president of the PML-N. The Pakistani Parliament amended a law on October 2, which allowed Mr. Sharif to re-take his party president role after the July 2017 ruling by the Supreme Court. He was voted back into the position the following day.

ISRAEL

Israel will Receive Three New Submarines from Germany Despite Corruption Concerns

Prime Minister Benjamin Netanyahu reported that Israel signed an agreement for three new Thyssenkrupp submarines despite an Israeli investigation into a possible conflict of interest.

The German government will provide up to €540 million (US\$634.4 million) for the submarine purchase. The Israeli prime minister's personal attorney represented the German firm involved in the \$2 billion deal and is facing allegations of using his influence over Mr. Netanyahu for a cut from the deal. Mr. Netanyahu, who was not a suspect in the investigation, has dismissed the corruption allegations.

ASIA

SOUTH KOREA

Former Chief of Aircraft Manufacturer Arrested for Corruption

Ha Seong-yong, ex- CEO of Korea Aerospace Industries (KAI), South Korea's sole aircraft manufacturer, has been arrested for a massive corruption scandal and is being charged with accounting fraud, embezzlement and bribery.

Mr. Ha is accused of playing an important role in inflating sales by 535.8 billion won (US\$473.1 million) and net profit by 46.5 billion won (US\$41.1 million) from 2013 until early 2017. He is also accused of misappropriating about 7.3 billion won (US\$64.5 million) as bonuses while embezzling about 460 million won (US\$406,245) company funds through buying gift vouchers and converting the funds in cash.

Vice Chairman of Samsung's Appeal Against Bribery Conviction Begins

Samsung's Vice Chairman, Jay Y. Lee, began the appeal against of his conviction in October. In the appeal case, prosecutors cite a spy case in which the Supreme Court held that a memo saved in a personal device is sufficient to

prove contact between two parties. The prosecutors argued that the favor Mr. Lee asked from Ms. Park after he bribed her was “explicit” as the private memos of Ms. Park’s former secretary, which were admitted by court as evidence. Mr. Lee’s lawyer argued that the evidence was not admissible since there was no content that directly relate to Mr. Lee and Ms. Park. Mr. Lee’s lawyers also contend that prosecution’s case is hypothetical.

In August, Jay Y. Lee, Vice Chairman of Samsung Electronics, was convicted of offering \$7.9 million in bribes to Park Geun-hye, former president of South Korea, and one of her associates in return for strengthening his control over the Samsung Empire.

Detention Extended of Ex-President Park

Former President Park Geun-hye, arrested and charged with corruption in March, will be kept in detention for six months. Prosecutors said the extension of Ms. Park’s detention is required due to “concern of the destruction of evidences.”

After the trial, Ms. Park will likely be facing a lengthy prison term for her bribery charges. She is suspected of offering policy favors to tycoons, including Samsung’s Lee Jae-yong.

Prosecutors Ask for 10-Year Prison Term for Lotte Chairman

Prosecutors are asking for a 10-year prison term and 100 billion won (US\$90 million) fine for Shin Dong-bin. Mr. Shin was charged with embezzlement and breach of trust charges in October 2016. The charges stem from Mr. Shin’s allegedly offering illegitimate payments to the founding family members of the Lotte Group and giving business favors to the companies run by the members of the founding family. The Lotte Group is South Korea’s fifth-largest conglomerate.

CHINA

Changes Coming to China’s Anti-Corruption Campaign

A national supervision law and new anti-corruption commission are planned for next year, according to China’s anti-corruption watchdog the Central Commission for Discipline Inspection (CCDI). The new commission, dubbed the National Supervision Commission, will work alongside the CCDI, sharing its power and resources. The new commission will also expand President Xi Jinping’s anti-corruption campaign to include employees at state-backed entities that are not necessarily party members. The announcement of the new moves came in the CCDI’s report to the party congress in October.

Another change in the fight against corruption was announced by President Xi Jinping during his congress address in October. President Xi said the party would do away with its practice of secret interrogations where individuals accused of corruption or other disciplinary violations are often detained, isolated, and interrogated by the CCDI.

Numerous Senior Officials Investigated Over Past 5 Years

Over the past five years, 440 officials at or above corps level of military formations of the Peoples’ Liberation Army of China have been investigated by the Chinese disciplinary authorities. Five years ago, the Communist Party of China (CPC) launched an anti-corruption campaign which led to the downfall of a number of high-level and lower-level officials. CPC said more than 8,900 city level officials, over 63,000 county level officials and a total of 278,000 low-level officials were punished under this campaign.

China has also arrested a number of suspects who have fled to various countries. CPC reported that 48 out of 100 suspects listed on

the Interpol red notice that was issued by China have been arrested since April 2015.

Renewed call for U.S. Assistance on Corruption Suspects

Minister of Public Security, Guo Shengkun, has renewed calls for Washington to work with China on cybercrime, illegal immigrants and corruption suspects. The request was initially made at an earlier Sino-U.S. law enforcement and cybersecurity dialogue. Mr. Guo aims to strengthen cooperation with the United States to tackle corruption.

China issued over 600 red notices through Interpol last year and it is targeting to arrest more suspects for further investigation.

Ex-Top Chinese Official Overseeing H.K. on Probation

Li Ling, former top Chinese official overseeing Hong Kong and Macau, has been placed on probation for a year based on “serious disciplinary violations.” Mr. Li was the deputy director of the China Liaison Office in Hong Kong from 2003 to 2012, the former deputy and director of the China Liaison Office in Macau from 2012 to 2016 and the deputy director of the Overseas Chinese Affairs Office from 2016 to the time he was removed from his position in August.

In September, Mr. Li was ordered to resign at the National People’s Congress. Probation may be the most serious punishment, after Mr. Li’s expulsion from the party, of the Communist Party.

Former Justice Minister Expelled for “Serious Discipline Problems”

China announced that former justice minister, Wu Aiyong, has been expelled due to “serious discipline problems” and may be accused of taking bribes and/or abusing powers. Ms. Wu is also believed to be responsible for the

decline in the country’s legal system in recent years. The former minister was also responsible for the promotion of Lu Engang, a member of the Chinese Communist Party who has been accused of corruption as head of an office in the Ministry of Justice for lying about his age and qualifications.

President Xi Jinping is focused on dealing with corruption issues within China’s legal authorities. Former domestic security chief, Zhou Yongkang, his allies and associates, were also punished and jailed for bribery. There is no information to show whether Ms. Wu has any connection with Mr. Zhou.

Ms. Wu has served as justice minister for over 12 years and is the second female justice minister since the establishment of the People of Republic of China in 1949. Ms. Wu and her representative have been unable to be reached for any comment.

New Top Officials to Lead Anti-Corruption Agencies

Zhao Leji, a low-profile official, will take over as head of the Central Commission for Discipline Inspection. The current head of the commission and second-most powerful politician in China, Wang Qishan, is retiring.

Lin Guoyao, former municipal official in the coastal province of Fujian, was appointed as the Chief of the Party Disciplinary Commission at the China Insurance Regulatory Commission. Li Xinran was also appointed as the Chief of the Party Commission at the China Banking Regulatory Commission.

Mr. Lin has worked in Fujian Province since the late 1980s. He was the vice mayor of Xiamen before being appointed as party secretary of Longyan city. Mr. Li has served at the Central Commission for Discipline Inspection (CCDI) for 22 years.

With the new appointments, President Xi Jinping intends to fight corruption in the

financial sector. He also intends to track more suspects for investigation.

SINGAPORE

Former Senior Managers of Marina Bay Sands Convicted for Corruption

Lim Gim Song, former senior manager of an integrated resort, Marina Bay Sands (MBS), was convicted of 23 charges, including two cheating counts. He was imprisoned for seven days, fined S\$58,000 (US\$42,678) and ordered to pay a penalty of S\$4,037 (US\$2,970) for corruption.

Mr. Lim obtained various gifts and benefits, including dinners and entertainments, between June 2012 and April 2014 in return for further business interests or ensured event sites were set up on time upon exhibitors' request.

Former Keppel Shipyard Officer Charged with Corruption

Neo Kian Song, former senior procurement officer of Keppel Shipyard, is charged with 395 counts of corruption and money laundering.

Mr. Neo is accused of accepting bribes in the sum of S\$293,000 (US\$215,599) from several company directors and a sales engineer in return for helping their companies to further their interest with Keppel Shipyard.

Mr. Neo is also suspected converting about S\$933,600 (US\$686,218) of bribery money into various assets, such as, vehicle deposits and purchases, insurance premiums, shares, unit trusts, and foreign currencies. He is also alleged to have transferred about S\$119,800 (US\$88,088) of bribery money to various bank accounts. The case is expected to be concluded with a verdict on November 7, 2017.

THAILAND

Son of Ex-PM Charged with Money Laundering

Panthongtae Shinawatra, the only son of former Prime Minister Thaksin Shinawatra was charged with money laundering.

Mr. Shinawatra is accused of accepting a check in a sum of 10 million baht (US\$ 301,841) in 2004, which was related to a 9.9 billion baht (US\$298,822,887) fraudulent loan granted by a state-owned bank to subsidiaries of the Krisdamahanakorn (KMN) real estate company when his father was still the Prime Minister in 2004.

Supporters of the Shinawatra family claim that the legal action is designed to evict the family from Thailand politics and eliminate their influence. The chairman of the National Anti-Corruption Commission denied the claims.

Police Promise Action in Monk Corruption Subsidy Scandal

The National Police Office's Counter Corruption Division (CCD) reported that there are 19 suspects in an alleged misappropriation of state subsidies tied to 23 temples. Suspects include a former director of National Buddhism Office ("NBO"), Phanom Sornsilp, and NBO academic Pattana Subamma-rtmontri. Each suspect has denied the claims.

One of the accused monks was a district-level monastic chief in Phetchabun province. His district allegedly obtained a 19 million baht (US\$572,461) subsidy from which the chief distributed 5 million baht (US\$150,647) to some of the accused officials. CCD was alerted and told the monk to produce relevant evidence to prove that he was not involved in the scandal.

CCD said they will complete the investigation of the scandal shortly and submit the

investigation report to the National Anti-Corruption Commission by late October.

INDONESIA

President Supports Formation of Special Anti-Corruption Squad

Joko Widodo, president of Indonesia, said he will support the police's proposal to set up a special unit to fight against corruption. The proposal was initially put forward by the police to the parliament last month. It is targeted to be fully operational early next year. The anti-corruption squad will focus on assisting anti-corruption institutions with investigations.

Bishop Accused of Embezzling Church Funds

Indonesian bishop Hubertus Leteng resigned after the Vatican investigated him for keeping a mistress and misappropriating church €100,000 (US\$118,000) in funds. Mr. Leteng denies allegations against him and claimed that the funds were used for financing education for poor youth. However, he gave no reason or explanation for his premature retirement which is 17 years before the usual retirement age.

PHILIPPINES

World Bank Debars Firms for Corrupt Practices

The World Bank debarred Philippines-based Berkman International Inc, the affiliated Center for Environmental Studies and Management Inc, (CESM) and company official Belen Gacad for corrupt practices. The debarments are based on corrupt practices used by the two companies and Ms. Gacad to influence the implementation of World Bank-financed contracts in the Philippines. Among other conduct uncovered by the World Bank investigation, it was discovered that Ms.

Gacad facilitated certain improper payments by Berkman International. Berkman International was debarred for five years, while CESM and Ms. Gacad both received 18-month debarments.

NEW ARTICLES OF NOTE

Amy Westbrook, “Cash for Your Conscience: Do Whistleblower Incentives Improve Enforcement of the Foreign Corrupt Practices Act?” *Washington and Lee Law Review*, 2018, forthcoming. Ms. Westbrook’s article examines the effect of Dodd-Frank’s whistleblower incentive award program on FCPA enforcement. It is available for download now at [SSRN](#).

Daniel C.K. Chow, “China’s Anti-Corruption Crackdown and the Foreign Corrupt Practices Act,” *Texas A&M Law Review*, 2018, forthcoming. The focus of this article is on the overlap of China’s anti-corruption campaign and FCPA violations and prosecutions. The article can be downloaded [here](#).



**Wednesday,
December 6, 2017**

PROGRAM FORMAT
LIVE in WASHINGTON
LIVE VIDEO STREAMING
LIVE WEBINAR

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Holiday Reception follows for attendees in Washington, D.C.

WEBINAR
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Details to follow

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CLE Credit will be offered.

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- Emerging Issues in FinTech
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