



ANTI-CORRUPTION DIGEST

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NORTH AMERICA

THE UNITED STATES

Former Embraer Executive Pleads Guilty to FCPA Charges

Former Embraer sales executive Colin Steven pleaded guilty to FCPA-related offenses which stemmed from assisting Embraer pay bribes to win contracts with Saudi Arabia's state-owned oil company. The U.K. national pleaded guilty to conspiracy to violate the FCPA and violating the FCPA (15 U.S.C. § 78dd-1, 78ff(c)(2)(a)), as well as wire fraud and wire fraud conspiracy, money laundering and money laundering conspiracy, and false statements. The case is *U.S. v. Steven*, No. 17-cr-00788 (S.D.N.Y. filed Dec. 21, 2017). A sentencing date has not been set yet.

According to the information, Mr. Steven worked as an executive for Embraer, a Brazilian-based airplane manufacturer and U.S. issuer, starting in 2003. In his role, Mr. Steven oversaw a sales-team responsible for

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selling both new and used aircraft. Sale of new aircraft, however, netted both the company higher revenue and the sales team higher commissions. In about 2006, Mr. Steven learned that the Saudi Arabian oil company was interested in purchasing used aircraft. In 2009, Mr. Steven met with a Saudi Arabian official in London. During the meeting the official informed Mr. Steven that he could influence the company to purchase new rather than used aircraft if a bribe was paid. After discussion with two other unnamed Embraer executives, Mr. Steven agreed to pay the official a bribe of \$550,000 per aircraft. In about 2009 and 2010, Mr. Steven devised a plan, in consultation with a third unnamed Embraer executive, to pay \$1.65 million in bribes disguised as a “finder’s fee” through an unnamed South African company. In March 2010, in return for the promise of the \$1.65 million in bribes, the official caused the Saudi Arabian company to sign a purchase order in which they agreed to pay \$93 million for three new jets. However, instead of paying the full \$1.65 million in bribes to the Saudi Arabian official, Mr. Steven caused \$129,935 to be diverted to himself. This kickback was initially meant to be split with one of the other Embraer executives, who eventually decided he did not want his share of the money, allowing Mr. Steven to pocket all of it. In addition, Mr. Steven received \$44,000 in commission from the sale of the jets to the Saudi Arabian corporation.

Mr. Steven’s guilty plea follows a deferred prosecution agreement (DPA) between the Department of Justice (DOJ) and Embraer, entered into in October 2016, as part of the company’s global resolution. The company agreed to pay the DOJ a \$107 million penalty. The company also agreed to pay over \$98 million in disgorgement and interest to the Securities and Exchange Committee (SEC) as part of the overall settlement. Additionally, Embraer agreed to pay \$20 million to settle charges with Brazilian authorities. In addition to the conduct in Saudi Arabia, Embraer also admitted to bribing officials in the Dominican Republic and Mozambique.

In Embraer’s DPA, the Saudi Arabian company was identified as Saudi Aramco. After Embraer settled the charges against it in October 2016, Saudi Aramco confirmed that one of its employees had accepted bribes from Embraer and that it had ceased doing business with the company.

Singapore-Based Keppel Agrees to Pay \$422 Million to Settle FCPA Offenses

Singapore-based Keppel Offshore & Marine Ltd. (KOM) and its wholly-owned U.S. subsidiary, Keppel Offshore & Marine Ltd. USA (KOM USA) agreed to pay \$422 million to U.S., Brazil, and Singapore authorities to settle FCPA-related charges. The DOJ will receive approximately \$105.5 million, with Brazilian authorities receiving \$211.1 million and \$105.5 million being paid to Singapore authorities. KOM, which operates shipyards and repairs and upgrades shipping vessels, entered into a three-year DPA with the DOJ while its U.S. subsidiary pleaded guilty to one count of conspiracy to violate the FCPA (15 U.S.C. § 78dd-2, 78dd-3). Additionally, a former senior executive in KOM’s legal department, Jeffrey Chow, pleaded guilty to one count of conspiracy to violate the FCPA back in August 2017. According to his plea agreement, Mr. Chow admitted to preparing contracts used to fund the bribe payments. His indictment was unsealed in conjunction with the settlement.

According to the information against KOM, between 2001 and 2014, KOM and its subsidiaries paid approximately \$55 million in bribes to win thirteen projects from Brazilian state-owned oil company Petrobras and private Brazilian company Sete Brazil, which commissioned a fleet of rigs for Petrobras. KOM earned approximately \$351.8 million in profits from the projects it won through these bribes. The conspiracy included six KOM executives, four Singapore citizens, one U.S. citizen, and one U.S. legal resident, paying bribes through a consultant to two Brazilian

officials and members of the Worker's Party, then in control of the Brazilian government.

According to the plea agreement and DPA, KOM did not receive voluntary disclosure credit from the DOJ. The firm did receive full credit for its substantial cooperation with the DOJ. That cooperation included conducting a full internal investigation, making regular factual presentations to the DOJ, and making foreign employees available for interviews. The DOJ also credited the company with its substantial remedial measures, which included taking disciplinary action against 17 former and current employees involved in the misconduct. With these credits the total fine paid was reduced to 25% off the bottom of the sentencing guidelines calculation.

The cases are *U.S. v. Keppel Offshore & Marine USA, Inc.*, No. 17-cr-698 (E.D.N.Y. filed Dec. 22, 2017) and *U.S. v. Keppel Offshore & Marine Ltd.*, No. 17-cr-697 (E.D.N.Y. filed Dec. 22, 2017).

Former Siemens Executive Pleads Not Guilty to FCPA Charges

Eberhard Reichert, one of eight former Siemens executives indicted in 2011, pleaded not guilty to charges stemming from a decade-long scheme to bribe Argentine officials. Mr. Reichert was charged with conspiracy to violate the FCPA (15 U.S.C. § 78dd-1(a), 78dd-3(a), 78m(b)(2)(a), 78m(b)(2)(B), 78m(b)(5), and 78ff(a)) as well as conspiracy to commit money laundering and wire fraud. Mr. Reichert, who is 78 years old, was arrested in Croatia in September 2017 and agreed to extradition to the U.S. His trial is set to begin in July 2018. The case is *U.S. v. Sharef*, No. 11-cr-1056 (S.D.N.Y. filed Dec. 12, 2011).

According to the indictment, Mr. Reichert is a German citizen who served as the technical head of a Siemens' subsidiary's Major Projects division from the late 1990s to about 2001. In 1994, the Argentine government issued a tender for bids to replace the

country's existing national identity booklets with new, state of the art national identity cards. Mr. Reichert, along with the seven other named co-conspirators, are alleged to have committed Siemens to paying \$100 million in bribes to Argentine officials to win the contract for a Siemens subsidiary. The co-conspirators used a total of seventeen intermediary organizations to funnel the bribes to the Argentine officials. The project stalled in 2001 and was eventually terminated. The co-conspirators allegedly continued to try and profit from the project through additional bribes and corrupt conduct, such as pursuing a fraudulent arbitration against the Argentine government during which Siemens' demanded the payment of \$500 million. The indictment further alleges that the co-conspirators continued to cause bribes and illicit payments to be made in order to cover up the illegal activity.

The eight former Siemens executives were indicted in 2011, three years after Siemens settled the FCPA charges brought against it by the DOJ and SEC, for \$800 million. In 2013, Mr. Reichert was one of seventeen former Siemens employees and executives charged with bribing officials by Argentine authorities. Mr. Reichert is only the second of the eight indicted to answer to the U.S. charges. In 2015, Andres Truppel, the former CFO of Siemens Argentina, pleaded guilty to the charges, admitting that he paid nearly \$1 million to a former official in Argentina's Ministry of Justice. The same eight men also face civil charges brought by the SEC in regards to the conduct.

Ciena Discloses FCPA Probe

The Maryland-based telecommunications company Ciena Corp. disclosed a new FCPA probe in an SEC filing on December 22, 2017. The company reported that it has opened an internal investigation into whether payments to an individual employed by a customer in the ASEAN region, which includes Thailand, Vietnam, Indonesia, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Brunei, and

Laos, may have violated the FCPA. Ciena also said it had contacted the SEC and DOJ recently to disclose the possible violations.

White House Says Fighting Overseas Corruption Still a Priority

The National Security Strategy paper released by the White House in December reaffirmed that the fight against overseas corruption is still a U.S. priority. Out of the five “Priority Actions” listed in the paper, one of them is to “Counter Foreign Corruption.” To do this, the paper specifies that, “[u]sing our economic and diplomatic tools, the United States will continue to target corrupt foreign officials and work with countries to improve their ability to fight corruption so U.S. companies can compete fairly in transparent business climates.” The administration said it will use economic tools, including sanctions, anti-money-laundering and anti-corruption measures, and enforcement actions, as well as new innovative digital technologies, to counter corruption efforts.

First Trial in FIFA Corruption Case Finds Two Guilty, Acquits One

The first trial arising from FIFA corruption scandal resulted in verdicts of guilty as to the former heads of the Brazilian and Paraguayan soccer associations, Jose Maria Marin and Juan Angel Napout, respectively, on one count of racketeering conspiracy. In addition, Mr. Marin was found guilty on three counts of wire fraud conspiracy and two counts of money laundering conspiracy. Mr. Napout was found guilty of two counts of wire conspiracy fraud. Manuel Burga, a former Peruvian soccer federation president, was acquitted of the single count of racketeering conspiracy he was charged with.

The trial lasted five weeks and included two dozen witnesses. The three defendants were accused of taking more than \$21 million in

bribes from sports marketing companies seeking marketing rights contracts at low rates. Executives from two of the influential marketing companies at the heart of the scandal, Torneos y Competencias SA and Traffic Group, have pleaded guilty to the alleged conduct, while executives from the third company, Full Play SA, continue to fight extradition from Argentina. While the prosecutors focused on the bribes paid to the men since 2010 during the trial, they alleged that these were only the most recent received by them in a 25 year scheme. The date for sentencing has not been set. The case is *U.S. v. Napout*, No. 15-cr-00252 (E.D.N.Y. filed May 20, 2015).

EUROPE

THE UNITED KINGDOM

New National Economic Crime Centre to be Created in U.K.

The U.K. government revealed that, as part of its updated anti-corruption strategy for 2017-2022, it will clamp down on money laundering by establishing a new national economic crime centre, to sit within the existing National Crime Agency.

The strategy was published on December 11, 2017. It is designed to tackle the estimated £90 billion (US\$122 billion) that is believed to be laundered through the U.K. annually. The updated strategy also introduced the new post of Minister of Economic Crime.

Home Secretary Amber Rudd said that the crime centre will help “to secure our future prosperity [and] make sure that Britain remains one of the safest and cleanest places in the world to do business” after Brexit. The new economic crime centre will also deal with other areas of criminal activity, including drug dealers and human traffickers and will have

the authority to direct the Serious Fraud Office to carry out investigations.

British Peer Continues Call for Investigation into South African Bank Accounts and Supports Introduction of New 'Failure to Prevent' Offense

Lord Peter Hain continues his crusade against corruption in the U.K. that is believed to be linked to the South African government and the controversial Gupta family. While speaking before the Money Laundering Bill Committee on December 6, 2017, Lord Hain requested an "immediate investigation, by the City of London Police, the Metropolitan Police and the financial regulatory authorities, into all bank accounts held in London by any South African state-owned company," starting with bank accounts held in London by South African Airways.

Lord Hain's speech was given in support of a proposed amendment to the Sanctions and Anti-Money Laundering Bill, which was being considered by the Committee. The amendment would introduce a new offense of failure to prevent money laundering, which Lord Hain hopes will increase the accountability of large global banks.

Indian Prosecutors Urge London Court to Extradite Mallya Over Alleged Fraud

A two-week extradition hearing began in London on December 17, 2017 as Indian prosecutors accused Vijay Mallya, founder of Kingfisher Airlines (KFA), of fraud and money laundering.

Dr. Mallya is said to have defaulted on a series of loans from Indian state-owned IDBI Bank, for which he allegedly knowingly provided worthless collateral. The proceeds of the loans are alleged to have been used to fund

the lease of Dr. Mallya's private jet, as well as his Force India motor-racing team.

Dr. Mallya claims that extradition to India would see him face an unfair trial and prison conditions that would violate his human rights. His attorney argued that the allegations have been raised "by politicians of every stripe, all of whom stand only to gain from the demonization of KFA's former senior executives, the bankers who lent to it, and crucially the man who is now presented as the embodiment of all the ills of capitalism in contemporary India, Dr. Mallya."

Dr. Mallya was arrested in London in April 2017 for allegedly willfully defaulting on over 91 billion rupees (US\$1.4 billion) in debt accumulated by KFA, which shut down in 2012. He is currently free on £650,000 (US\$879,000) bail.

London Council Linked to Alleged Canary Wharf Skyscraper Bribe

A businessman with links to London's Labour Party-led Tower Hamlets Council offered to obtain planning permission for the development of two skyscrapers on Alpha Square in Canary Wharf, a busy financial area in London, in exchange for the payment of a £2 million (US\$2.7 million) premium, according to recordings obtained by the *Sunday Times*. Former London Mayor Boris Johnson approved the 600-home development in April 2016, but the plans did not come to fruition.

Tower Hamlets Council has referred the case to the U.K.'s National Crime Agency. The Council's leader, John Briggs, stated that "planning process was not compromised in any way by the Alpha Square planning application." The Labour Party did not comment on the case aside from clarifying that it is "committed to fighting corruption."

NETHERLANDS

Amsterdam Trade Bank Searched On Suspicion of Violating Money Laundering Laws

The Fiscal Information and Investigation Service (FIOD), the Dutch financial crimes prosecutor, revealed on December 12, 2017 that Amsterdam Trade Bank, the Dutch subsidiary of Russia's Alfa Bank, was searched on suspicion of violating anti-money laundering laws.

A spokesperson for the FIOD announced that "the bank's office has been searched and accounts were seized as part of a criminal investigation." It is alleged that the bank withheld information on unusual transactions and failed to perform adequate background checks on its clients.

FRANCE

French Anti-Corruption Agency Chief Recommends Overhaul of Corporate Graft Legislation

On December 15, 2017, Charles Duchaine, head of France's new anti-corruption agency, Agence Française Anticorruption (AFA), called for an overhaul of recently introduced anti-graft legislation, designed to fight corporate graft and allow AFA to match the powers of foreign authorities. The legislation was adopted on November 8, 2016 and dubbed the "Sapin 2", after former Finance Minister Michel Sapin, who drafted the bill.

Mr. Duchaine warned that the legislation is too narrow. The law provides for AFA to target only public bodies with over 500 employees and turnover of over €100 million (US\$117.93 million) or subsidiaries of foreign companies that are headquartered in France that meet the same criteria. The limited scope of the

legislation, Mr. Duchaine argued, makes it almost impossible to investigate foreign companies. Mr. Duchaine noted in this regard that "a large number of companies that warrant being checked will escape investigation if the law isn't modified." Indeed, "it is only through luck that our checks will uncover any evidence of corruption," he claimed.

World Bank Debars French Firms for Corrupt Practices in Developing Countries

The World Bank recently announced sanctions against two French companies for separate incidences of corruption relating to World Bank-funded projects in developing countries.

On December 5, 2017, the World Bank announced that Sediver SAS, a manufacturer of power line transmission line insulators, had been debarred for two years. The sanction arises from misconduct in relation to the tender process for a project to improve electricity infrastructure in the Democratic Republic of Congo (DRC). The company entered into a Negotiated Resolution Agreement (NRA), which prevents it from participating in World Bank-financed projects for the duration of the two year period. As part of the overall resolution, Sediver's owner, Seves Group S.à.r.l, has agreed to pay €6.8 million (US\$8 million) to the DRC.

The debarment of Sediver follows similar action against Oberthur Technologies SA, a digital security firm, in late November 2017. Oberthur was debarred for two and a half years for "corrupt and collusive practices" relating to a national ID project in Bangladesh. As part of its NRA, Oberthur admitted to making improper payments to a sub-contractor and to "collusive misconduct to obtain and modify bid specifications to narrow competition and secure the award of the contract." The World Bank recognized Oberthur for its active cooperation in the

investigation. The cooperation included voluntary acknowledgment of the misconduct, conducting an internal investigation, identifying the individuals involved and holding them accountable and a commitment to improving governance and compliance procedures.

ITALY

Royal Dutch Shell and Eni to Face Corruption Trial in Italy Over Alleged Nigerian Payments

On December 20, 2017, an Italian court ruled that the Italian government's case against Eni, the Italian oil multinational, and Royal Dutch Shell, could proceed to trial.

The case concerns payments of over \$1 billion that are alleged to have been made in 2011 by Eni and Shell to obtain exploration and production rights in the Nigerian market. Both Eni and Shell have denied the allegations, which are also the subject of separate investigations in Nigeria and in the Netherlands.

AUSTRIA

Buwog Bribery Trial Begins

In Austria, the trial in the so-called "Buwog" affair began on December 12, 2017. The case concerns €9.6 million (US\$11.3 million) of alleged bribes. The bribes are alleged to have been paid following a sale by the government of state properties in 2004 and in relation to the lease of an office block. The bribes were channeled through Cyprus to accounts in Lichtenstein. Charges include breach of trust, bribery, falsifying evidence, money laundering and fraud. The defendants are facing up to 10 years in prison. The trial is expected to last a year.

Former finance minister Karl-Heinz Grasser was one of fifteen to appear in court in

connection with the charges. He is suspected of having been aware of the nature of the payments, some of which were deposited in a bank account allegedly held by him. The defendants deny any wrongdoing, claiming the payments were legal commissions.

SWITZERLAND

Swiss Regulator Says That JPMorgan Chase Committed a Serious Breach of Anti-Money Laundering Laws

Switzerland's financial regulator, the Financial Market Supervisory Authority, alleged that JPMorgan Chase & Co. breached anti-money laundering rules, in a statement issued on December 21, 2017. The charges were made in connection with transactions involving the Malaysian sovereign wealth fund 1Malaysia Development Berhad (1MDB).

The regulator claims that JPMorgan "failed to adequately identify the increased money laundering risks in some of the business relationships related to this case." It also accused the bank of failing to monitor the flow of funds between business and personal accounts. JPMorgan is alleged to have allowed the crediting of "hundreds of millions" of dollars from 1MDB to an individual with close ties to one of its business partners' personal accounts.

A monitor has been appointed by the regulator to review the bank's controls on an ongoing basis.

UKRAINE

Ukraine to Establish Independent Anti-Corruption Court

On December 7, 2017 the International Monetary Fund (IMF) called on Ukraine to end attacks on its anti-corruption agencies. The

IMF asked lawmakers to establish an independent anti-corruption court as soon as possible.

The IMF has delayed transfers from a \$17.5 billion bailout, aimed to encourage Ukraine to tackle its corruption problem. In response, Justice Minister Pavlo Petrenko announced that Ukraine hopes to set up an anti-corruption court within 6-8 months by passing legislation backed by the IMF in February 2018.

Conflict Between Ukrainian Anti-Corruption Agencies Escalates

Ukraine's National Anti-Corruption Bureau (NABU), a law enforcement agency, has been accused by the country's Prosecutor General, Yuri Lutsenko, of being "an illegal group, using illegal methods with illegal equipment." The NABU has also been accused of collaborating with the FBI without permission and selecting its agents without using the required open competition process.

Mr. Lutsenko's accusations follow NABU's announcement that it opened an investigation into Mr. Lutsenko and the National Agency on Corruption Prevention, another Ukrainian law enforcement agency, as well as Mr. Lutsenko's office's investigation into whether the head of NABU had leaked classified information. The highly publicized inter-agency conflict casts much doubt as to how much progress the country has been making in its high profile fight against endemic corruption.

Former Georgian President Mikheil Saakashvili Arrested in Ukraine

Mikheil Saakashvili, former Georgian president and former Governor of Ukraine's Odessa region, was arrested in Ukraine on December 8, 2017. One of Mr. Saakashvili's representatives is alleged to have financed protests in exchange for a payment of

\$500,000 from Ukrainian businessmen with Russian links.

Mr. Saakashvili, who is also a prominent anti-corruption activist in Ukraine, denied the allegations, stating: "there is no greater enemy of Putin in the post-Soviet space than Mikheil Saakashvili," referring to his long record of opposition to Russian President Vladimir Putin. His supporters gathered outside the police station to which he was taken, chanting "shame." The arrest follows earlier attempted arrests at Mr. Saakashvili's apartment and near the Ukrainian Parliament.

RUSSIA

Ex-Minister Ulyakayev Convicted of Bribery

Former Russian cabinet minister Alexei Ulyakayev was sentenced by a Moscow court to eight years in prison for bribery and fined 130 million roubles (US\$2.2 million) on December 15, 2017. Mr. Ulyakayev was convicted of having received a bribe from Russian oil company Rosneft on November 14, 2016 in exchange for the approval of the sale of Bashneft, another oil company, to Rosneft.

Mr. Ulyakayev claimed he thought the supposed bribe was a gift of expensive alcohol, calling the charges and evidence "absurd." Mr. Ulyakayev went on to claim that he had been framed by Igor Sechin, the head of Rosneft. Mr. Sechin did not appear as a witness in court, citing work commitments as the reason for his failure to attend. In his final statement to the court before the verdict was delivered, Mr. Ulyakayev claimed to be the victim of a "monstrous and cruel provocation."

This marks the first time in Russia's recent history that a former minister has stood trial and one of the few times Kremlin factions have publically clashed. Mr. Ulyakayev is generally viewed as an economic liberal within the Kremlin whereas Mr. Sechin is viewed as a

conservative ally of current Russian President Vladimir Putin.

The conviction reinforces Mr. Sechin's formidable reputation as the second most powerful man in Russia after President Putin. Former Kremlin public relations manager Gleb Pavlovsky commented that Mr. Ulyakayev's imprisonment demonstrated that in Russia, "anyone with money can put anybody in jail."

ROMANIA

Prosecutors Criticize Proposals to Change Justice System

Prosecutors in Romania have heavily criticized proposed changes to the Romanian legal system that they claim will make it harder to carry out prosecutions in the country.

The controversial proposals include decriminalizing cases of abuse of office where the damage caused is less than €200,000 (US\$237,000), limiting or banning video and audio recordings as evidence in trials and allowing suspects to be in attendance when witnesses are giving testimony.

Laura Codruta Kovesi, the chief prosecutor of Romania's National Anticorruption Directorate, stated bluntly that "these amendments basically don't let us investigate corruption offences, we will never get our cases to court."

TURKEY

Turkish Officer Reveals President Erdogan Was Main Target of Bribery Inquiry

Former Turkish police officer Huseyin Korkmaz, testifying in New York in a U.S. federal corruption case against a Turkish banker, stated that Turkish President Recep Tayyip Erdogan was the "number one" target in a 2013 corruption probe. Mr. Korkmaz was

part of a Turkish investigative team conducting a bribery and money laundering probe relating to Iranian oil proceeds in 2013.

The investigation began with a probe into an organization run by gold trader Reza Zarrab. It expanded to include President Erdogan, as well as former economy minister Mehmet Zafer Caglayan and Suleyman Aslan, ex-chief executive of Turkiye Bank Halkasi AS, a large Turkish state-owned bank suspected of being involved in the scheme. Mr. Zarrab's arrest in December 2013, together with a raid on Mr. Aslan's home, brought the Turkish investigation to a close, as millions of dollars of cash stuffed into shoe boxes were found as a result.

Mr. Korkmaz also testified that an FBI attaché stationed in Turkey was paid \$50,000 by the FBI in addition to his rent being paid by U.S. prosecutors. The attaché was subsequently brought into the Turkish ministry to speak to officials. The trial in New York has heightened current tensions between the U.S. and Turkey.

MIDDLE EAST

SAUDI ARABIA

Saudi Arabia Releases 23 Detainees from Corruption Sweeps

Saudi Arabia has released 23 of the 200 or so detainees from the anti-corruption sweeps performed in November 2017. The release marks the first large scale one since the sweeps began. Details regarding the settlements for the 23 have not been released, but the government previously said individuals could secure their freedom if they handed over money and assets, possibly up to 70% of the individual's total wealth in some cases. Billionaire Prince Alwaleed bin Talal, among those still detained, has been asked to pay over \$6 billion to secure his release.

According to the Saudi newspaper *Okaz*, more individuals will be released and trials will begin for those who continue to deny the charges against them.

ISRAEL

Netanyahu Questioned Again in Corruption Probes and Ally Steps Down

Prime Minister Benjamin Netanyahu underwent his seventh round of questioning as part of the two corruption investigations in which he is a suspect. One of the probes relates to alleged lavish gifts received by the prime minister, while another concerns Prime Minister Netanyahu's alleged secret talks with the publisher of an Israeli newspaper in which the politician promised to help curb the newspaper's opposition in return for positive coverage. Although Mr. Netanyahu has denied the allegations, this most recent round of questioning has been followed by mass protests in the country calling for him to step down as prime minister. In another blow to the embattled prime minister, one of his closest allies, David Bitan, has resigned as coalition whip. Mr. Bitan's resignation came as he was facing his own corruption allegations. He is alleged to have promoted criminals' interests in exchange for debt relief while serving as a municipal politician.

Parliament Ratifies Law Disallowing Police from Announcing Probe Findings

The Israeli Parliament ratified a law barring police from announcing if they have found enough evidence for an indictment before prosecutors decide to bring charges. The bill has been controversial. Opposition lawmakers have characterized the bill as a means to soften public outcry against Prime Minister Netanyahu in light of the two corruption investigations against him. To mollify the opposition, Mr. Netanyahu asked for the bill to

be modified so it would not apply to the investigations against him. The final draft of the bill stipulates that it will not effect investigations predating its passage.

ASIA

SOUTH KOREA

Prosecutors Seek Twenty-Five Year Sentence for Friend of Ousted President

The saga involving the ousted South Korean President, Park Geun Hye, continued in December with the trial of Choi Soon Sil, a close friend of Ms. Park. During the trial, the prosecutor argued that Ms. Choi "took advantage of presidential authorities to seek personal profit, undermined constitutional value and rattled the government system." Ms. Choi faces eighteen charges, including bribery and capitalizing on her close relationship with Ms. Park to meddle with state affairs and to extort money from fifty conglomerates, including Samsung and Hyundai, to support her non-profit organization.

Calling Ms. Choi "the alpha and omega of the scandal" who "created a national crisis," prosecutors are seeking to impose a 25-year prison sentence and to seize 126.2 billion won (about US\$115.9 million) of her assets. Ms. Choi has denied the allegations. In a statement to the court, Ms. Choi said "I always thought I should distance myself from the president but I failed to do so. I did not even realize I was being exploited by other people around me and now I am left wounded and alone." A verdict is expected in January 2018.

Samsung, Lotte Groups Questioned by the Parliament about Relations with Ms. Park

The Executives of Samsung and Lotte Groups were questioned at a parliamentary hearing as part of the government's investigation into Ms. Park's corruption scandal. Other conglomerates summoned include LG and the Hanhwa Group. The parliamentary panel conducting the hearing asked the executives whether they were pressured by Ms. Park or her friend to contribute money to a certain nonprofit to back Ms. Park's political agenda in exchange for political favors. Mr. Jay Y. Lee, head of Samsung who earlier this year was sentenced to five years for related corruption charges, admitted that Ms. Park did ask him for Samsung's support during a one-on-one meeting, but did not specifically ask for money. Mr. Lee also denied that his company had a quid-pro-quo relationship with Ms. Park. On the other hand, Chung Ju-yung, founder of the Hyundai group, admitted to giving money to Ms. Park. According to the official transcript of the hearing, Mr. Chung said he volunteered to donate at first, but then decided to "follow the current trend" and "gave the money as [he] was told to do so."

Government Increases Bribe Ceiling for Certain Categories of Gifts

The Anti-Corruption & Civil Rights Commission (ACRC) announced that it will amend South Korea's anti-corruption law to double the amount of agricultural and fishery gifts (such as fruit baskets) that public politicians, journalists and teachers may accept from the public. ACRC, as its name suggests, is the government agency responsible for handling the country's corruption-related public complaints and establishing the country's anti-corruption law. With the amendment, the current gift allowance for agricultural and fishery products will increase to 100,000 won (US\$92) from

50,000 won (US\$46). Other processed food containing agricultural or fishery ingredients might also be included in the category. The price ceiling for all other gifts will remain at 50,000 won. ACRC decided to increase the price ceiling for produce and seafood products in response to worries from farmers and fishermen that the current price ceiling in place reduces market demand for their products, which, in turn, would lead many businesses in the industry to close.

Contractor Raided for Taking Bribe in Exchange for a U.S. Military Contract

Prosecutors raided the headquarters of SK Engineering & Construction Co. (SKEC) after an investigation revealed that the company may have paid bribes to obtain a \$42 million construction project from the U.S. military in 2008. According to the prosecutors, SKEC gave \$3 million to a U.S. army officer, Duane Nishiie, in exchange for the contract to build buildings, roads and water networks in Camp Humphreys, the U.S. military's new overseas base in South Korea.

During the raid, the prosecutors seized computers, documents, and other materials relating to the 2008 contract. This is not the first time SKEC was raided; in 2015, after the bribery allegations first surfaced, prosecutors immediately raided SKEC. The investigation stalled after Mr. Nishiie left the country. Mr. Nishiie and another Korean officer responsible for procuring goods and services for Seoul's Defense Ministry have been indicted on charges of bribery, wire fraud and money laundering in Hawaii District Court.

Korean Train Express Operator Investigated for Nepotism

Supreme Railways (SR), the company that operates South Korea's most popular intercity commuter train, the Korean Train Express, is under investigation for corruption. According to the investigators, SR hired children of its

executives and those of SR's parent company, Korail, over candidates with superior credentials. The investigation revealed that thirteen recent hires at SR have close ties with high-level executives in SR and Korail. In one case, an employee beat sixty-eight other job applicants for a sought-after position at SR, despite poor performance on the entrance exam and at his interview. Lee Seung-ho, the Chief Executive Officer of SR, acknowledged that his company has hired children of high-ranking officials in SR and Korail. Based on an internal investigation conducted in response to the corruption allegations, he claimed that there is nothing illegal about SR's hiring process. SR is one of several companies currently under investigation for alleged corrupt recruitment practices. No formal charges against the company have been made as of December 31, 2017.

Former Spy Chiefs Indicted on Bribery Charges

The two former intelligence officials arrested on bribery charges in November 2017 have been formally indicted by the Seoul Central District Prosecutors' Office. The charges include bribery and causing unjust losses to state funds. Lee Byung-kee and Name Jae-joon were accused of diverting 1.4 billion won (US\$1.2 million) of the National Intelligence Service (NIS)'s "special operational funds" and giving them to Ms. Park's close aides in return for being named NIS directors.

CHINA

Twenty Seven Government Officials Caught Siphoning off Welfare Funds

China's Central Commission for Discipline Inspection (CCDI) announced that twenty-seven local government officials in charge of public welfare funds have been reprimanded for their involvement in eight corruption cases. In some cases, local officials embezzled public

funds for personal use, while in others, the officials accepted bribes from local businesses, and awarded government contracts to those businesses in exchange. In one specific incident, two officials in the Civil Affairs and Social Assistance Management of Hunan Province accepted bribes from certain suppliers, and, in return, agreed to procure medical equipment from them at higher than market prices. The punishment for the government officials varied. Some officials received a mere warning, while others were removed from their posts and expelled from the Communist Party of China.

Former Senior Chinese Diplomat Arrested for Graft

Cao Baijun, a former senior Chinese diplomat, was arrested for "serious violations of party discipline," or corruption. Before leaving his position to work for a private metal company in Guangdong, Mr. Cao worked as a bureau chief at the International Department, focusing on China's relations with Western Europe and Africa. Mr. Cao speaks fluent German and English, having attended school at Heidelberg University in Germany and University of California, Los Angeles in the U.S. during his tenure at the International Department. It is unclear what misconduct led to Mr. Cao's arrest. Indeed, his arrest came as a shock to some observers. One anonymous government official explained that Mr. Cao, and others like him in the International Department, are seldom accused of corruption, because "many of them are really academics and don't have much opportunity to profit from their jobs."

Anti-Corruption Agency Broadens the Definition of Corruption

The CCDI announced that certain activities may be considered corruption, even if they do not fit squarely within the traditional definition of a corrupt conduct. Those activities include

hosting lavish parties; going sightseeing during business trips; spending extravagantly on weddings and funerals; and accepting gift cards in large amounts. The CCDI said these “tricks” are corrupt acts in disguise and warned against their use to circumvent the anti-corruption law.

CCDI Urges State-Owned Enterprises to Keep Close Watch on Corruption

The CCDI is urging China’s state-owned enterprises (“SOE”) to vigilantly manage risks of corruption involving the SOEs’ overseas entities and personnel. In an announcement published on its website, the CCDI stressed the importance for SOEs to control “overseas risks” and “the safety of China’s assets,” while continuing to strive to be “globally competitive.” The CCDI has also published guidance on measures that the SOEs should take to achieve that goal.

China to Withhold Funding for Road Projects in Pakistan over Corruption Concerns

China has stopped funding some of the China-Pakistan Economic Corridor (CPEC) road projects in Pakistan pending changes in the “financial mechanism,” or the procedures through which the Chinese government funds are funneled to finance the road projects. China said it will take steps to change and finalize the procedures before resuming the funding. China’s funding is essential to the CPEC projects. Without that funding there will be extensive delays in building roads and highways in Pakistan. Pakistani officials were reportedly “stunned” by the corruption allegations, as it was the first time they heard of them.

Huawei Executives Detained on Suspicion of Corruption

Teng Hongfei, sales chief of Huawei Technologies’ consumer business group in China, has been detained by public security officers on suspicion of corruption. Huawei, based in Shenzhen, is one of the largest communications service providers and smartphone manufacturers in the world, joining the ranks of Samsung and Apple. Mr. Teng, once the recipient of the top managerial award in Huawei, was recognized for his excellent internal management performance in the company. The public security officials have not yet released the details of what led to Mr. Teng’s arrest. In a public statement, Huawei stated that “the police is still investigating; only information provided by the police should be deemed accurate.”

This is not the first time Huawei was embroiled in corruption scandals. In 2014, Huawei accused over one hundred of its staff members of misappropriating RMB 370 million (approximately US\$56.4 million). Huawei retrieved the stolen funds and used them as a bonus to incentivize its employees to refrain from committing similar crimes. Earlier this year, the police arrested six former Huawei middle and senior managers in the consumer business group for leaking internal information to two other Chinese technologies companies.

Former Leader of Chongqing City Investigated “on Suspicion of Accepting Bribes”

Sun Zhengcai, a former leader of Chongqing City and a member of the Central Committee of the Chinese Communist party thought to become one of China’s top leaders, is under investigation “on suspicion of accepting bribes.” The announcement was posted on the Supreme People’s Procuratorate of the People’s Republic China—China’s top criminal prosecution division. No details have been given as to what prompted the investigation regarding Mr. Sun. The

announcement further stated the agency has taken “enforcement actions” against Mr. Sun (which could mean anything from detention to filing formal charges) and that additional investigation is “in progress.” Based on previous cases involving government officials being investigated for similar charges, a formal criminal trial of Mr. Sun appears imminent.

INDONESIA

Former House Speaker Seeks Medical Treatment during Preliminary Hearing

Setya Novanto, the former Speaker of Indonesia’s Parliament, has appeared in court for his preliminary hearing following his arrest on corruption charges in November. Indonesia’s Corruption Eradication Commission, or KPK, seeks the maximum life sentence on Mr. Novanto. Mr. Novanto was accused of misappropriating 2.3 trillion rupiah (approximately US\$169.2 million) of funds that were allocated for the country’s digital identification card project and accepting kickbacks. In a preliminary hearing held in December, Mr. Novanto reportedly refused to respond to the judges’ questions and complained that he was ill and had been denied medical treatment. After doctors determined that Mr. Novanto was physically fit to continue the hearing, the judge allowed the prosecutor to read out the charges, which Mr. Novanto denies. Mr. Novanto resigned as the parliament speaker in early December and has been replaced by Fadli Zon, the former deputy parliament speaker.

PHILIPPINES

Ninety Police Officers Sacked as Part of a “Corruption Purge”

Philippines’ President, Rodrigo Duterte, dismissed approximately ninety police officers,

including three superintendents, from the Philippine National Police as part of a “corruption purge.” Addressing the crowd at a public event in General Santos City, President Duterte called the officers “gangsters of the government” who were committing robbery and drug trades for local mobsters, while receiving salaries from the government. President Duterte warned the police officers: “I will run after you, I will watch you closely.” It is unclear whether any of the officers will be prosecuted.

VIETNAM

Board Member of Energy Giant Investigated for Corruption

Vietnamese police ordered the prosecution and house arrest of Phan Dinh Duc, a board member of PetroVietnam. PetroVietnam is Vietnam’s national energy firm responsible for providing oil and gas in the country. Mr. Duc was charged with “deliberate violation of state regulations on economic management causing serious consequences” for his mismanagement of PetroVietnam, which, in turn, led investors to lose VND 800 billion (US\$35 million). Mr. Duc is the third executive at PetroVietnam arrested on corruption charges. Earlier in December former Chairman PetroVietnam, Dinh La Thang was also arrested for his participation in the corruption scandal.

State-owned Rubber Company Executives Under House Arrested Amidst Corruption Crackdown

Former chairman of Vietnam Rubber Group (VRG), Le Quang Thung, and four of his aides have been arrested and placed under house arrest as part of the government corruption crackdown. VRG is the largest state-owned manufacturer in the rubber industry in Vietnam. The five individuals were accused of misusing state capital and the assets of VRG

on non-core businesses, such as cement, hotels, a seafood import-export company, and the stock market, which resulted in the company suffering losses of VND 8.4 trillion (US\$370 million).

HONG KONG

Convoy Executive Arrested in Airport for Corruption

Three senior executive officers of Convoy Financial Services (Convoy) were arrested on corruption charges by the Independent Commission Against Corruption (ICAC), the city's corruption watchdog. Convoy is one of Hong Kong's largest international financial adviser firms. The three executives arrested were the Convoy's Chairman, Quincy Wong Lee-man, executive director of financial advisers, Rosetta Fong Sut-Sam, and executive director Christie Chan Lai-yee. Although ICAC officials have not provided details about the charges, it appears the executives were involved in corrupt lending activities for personal gain. Convoy has suspended all three executives and stopped trading its shares in the Hong Kong Stock Exchange following their arrests. Additionally, Convoy also announced that it will commence a civil lawsuit against twenty-eight individuals, including its executive director, directors in other Convoy affiliating companies, and other third parties for "gross breach of fiduciary duty and illegitimate diversion of the company's funds" in connection with the corruption scandal.

SINGAPORE

Company Employees Jailed for Giving Kickbacks to Residential Apartment Employees

Four employees of a waterproofing service company, TAC Contracts, were sentenced to jail for giving employees in condominium and

cooperative buildings kickbacks during a three-year span. According to the prosecutor, the employees were sales and operations executives responsible for securing work contracts from residential buildings. Their sentences range from nineteen weeks to forty-six weeks of imprisonment, in proportion to the amount of bribes they paid. According to the prosecutor, the executives were following the order of the Company Director, Donald Ling Chun Teck, who was separately tried for similar charges and sentenced to serve two and a half years in prison. Mr. Ling is appealing the sentence and is currently released on bail. At the trial of the executives, the prosecutor argued that kickbacks could lead to substandard work quality that could result in problems for the residents later. The prosecutor also said that everyone at the company knew the executives were cultivating the kickback practice, but no one reported it.

Former Wealth Manager Banned from the Financial Sector for Life over Corruption Conviction

Yeo Jiawei, a former wealth manager with Swiss Bank BSI, was banned from working in the financial sector in Singapore for life by the Monetary Authority of Singapore (MAS). Since 2016, Mr. Yeo has been imprisoned for his involvement in misappropriating Malaysia's state fund 1MDB. Mr. Yeo is the eighth banker to be banned from Singapore's financial sector in connection with the 1MDB scandal.

Employees of Singapore Transit Operator Charged with Self-Dealing

A manager and two former employees of Singapore Mass Railway Transit (SMRT) Trains Ltd. and a director of Enovation Industries (EI), a Singapore construction company, have been indicted on multiple charges of "cheating offences." SMRT, a major train operator in Singapore, tipped off the Corrupt Practices Investigation Bureau

(CPIB), prompting an investigation into the individuals. According to the CPIB, the individuals colluded in “cheat[ing] SMRT Trains” into awarding its contracts to EI while “concealing the fact that they had an interest” in the construction company. Three of the individuals were offered bail of \$100,000 pending trial. The fourth individual was denied bail because he absconded to Malaysia in 2013, and had only recently been found and returned to Singapore to face the charges. If convicted, the four individuals could face up to ten years in jail and fines for each charge.

MALAYSIA

Unrepresented Technician Jailed for Accepting Bribe

A Telekom Malaysia Berhad technician pleaded guilty to two charges of soliciting bribes from prospective customers received two six-month sentences and a fine of RM 200,000 (US\$49,044). Sukri Mat was accused of soliciting \$30,000 from two men in exchange for preparing favorable quotes for installation of copper and fiber-optic services. At the hearing, Mr. Sukri asked the judge to consider the fact that he has two children, an eighty year-old father, and a younger sibling suffering mental issues to take care of as mitigating factors for a more lenient sentence. The judge ordered Mr. Sukri to serve the two six-month sentences concurrently and to pay a fine of RM 200,000 (US\$49,044).

INDIA

Lower Courts Accused of Corruption but No Data to Support Investigation

Despite receiving reports from former judges that lower courts are plagued by corruption, India’s central government has been unable to take any remedial measures. The government

said they have no power to act on it because “no data [proving the corruption] were maintained” to substantiate the reports. The corrupt practices complained of include accepting bribes from litigants in exchange for favorable judgments, bail or a quicker divorce. Although India’s High courts have sent judges to lower courts to conduct inspections, many criticized that as ineffective, as the High court judges often have busy caseloads and therefore do not have sufficient time to follow up on the inspections.

Latin America

ECUADOR

Ecuador’s Vice President Sentenced to Six Years in Jail for Odebrecht Bribes

An Ecuadorean court sentenced Ecuador’s Vice President, Jorge Glas, to six years in jail in mid-December. The sentencing came after Judge Edgar Flores found Vice President Glas guilty of taking bribes from Brazilian construction company Odebrecht in exchange for awarding public contracts. “[Mr.] Glas constructed, with (former Odebrecht executive) Jose Conceicao Santos, the awarding of public contracts in return for payment,” Judge Flores said. The prosecutor’s office said that Mr. Glas had pocketed roughly \$13.5 million from Odebrecht. Ecuador’s President, Lenin Moreno, suspended Mr. Glas in August. Mr. Glas’ lawyer called the decision “unjust” and said Mr. Glas plans to appeal the ruling.

COLOMBIA

Former Colombian Vice Minister of Transport Sentenced to Jail for Odebrecht Bribes

In another Odebrecht-related bribe scandal, a Colombian judge sentenced former Vice Minister of Transport Gabriel Garcia Morales to five years and two months in prison after he admitted to accepting \$6.5 million in bribes from Brazilian construction company Odebrecht. Mr. Morales admitted to accepting the payments in exchange for helping Odebrecht win a 2010 road construction contract worth over \$1 billion. The attorney general's office said that Mr. Morales has agreed to testify against other public officials. As previously reported in the Digest, Odebrecht is at the center of a massive bribery scandal with implications across Latin America.

BRAZIL

Brazilian Securities Regulator Investigating Former Petrobras Executives

In a legal filing by Brazil's securities regulator, known as CVM, the agency accused eight former Petrobras executives of corruption. The allegations stem from irregularities in the contracting process for three drill ships, and reach two former CEOs of the state-run oil company. This is the most recent development in what has become the world's largest graft investigation, now in its third year. As previously reported in the Digest, Petrobras, officially named Petroleo Brasileiro SA, is at the center of a massive corruption investigation that has reached a number of former executives of the oil giant, as well as politicians. Petrobras is currently the target of 14 separate CVM inquiries. The late-December CVM filing includes accusations against former Petrobras chief executives

Maria das Graças Foster and José Sérgio Gabrielli; former services head Renato Duque; former supply chain head Paulo Roberto Costa; former international business head Nestor Cerveró; former CFO Almir Barbassa; former exploration and production head Guilherme Estrella; and former gas and energy head Ildo Sauer.

Marcelo Odebrecht to Serve Jail Sentence at Home

The former head of Brazilian construction company Odebrecht, Marcelo Odebrecht, has been allowed to serve the rest of his 19-year prison sentence at home. Mr. Odebrecht was arrested in 2015 and given a 19-year jail sentence after he was found guilty of coordinating a vast network of bribes to politicians in dozens of countries. His sentence was reduced after agreeing to testify for the prosecution. Mr. Odebrecht will now spend the remaining seven years of his sentence at his home in Sao Paulo.

Odebrecht has been at the heart of a global corruption scandal, which the company agreed to pay \$2.6 billion with Brazilian, Swiss, and U.S. governments to settle. Mr. Odebrecht has been instrumental in uncovering the massive bribery scheme at the company. He at one point required a dedicated department within Odebrecht to manage bribe payments, according to reports. Brazilian authorities revealed that documents produced by Mr. Odebrecht showed that the company had formed a cartel to control the highway construction market in Sao Paulo, as well as the metro train line construction market in eight Brazilian states. The company was started by Mr. Odebrecht's grandfather and since its founding has been involved in a number of significant projects throughout Latin America.

Brazilian Police Raid Two Lawmakers' Homes As High Court Shields Sitting Lawmakers

Police in Brazil raided the offices and homes of two members of the country's Congress in December. The raid was part of a bribery investigation involving bids for \$258 million in road work in the state of Tocantins in central Brazil. Police said they were serving 16 search warrants and delivering subpoenas to eight people in the investigation. The probe involves the alleged bribery of a number of civil servants and politicians in the country. But in mid-December, Brazil's high court voted to stop the investigation into members of Congress, saying that federal lawmakers can only be tried by the top court. The ruling effectively shields lawmakers from investigations while in office.

Former Sao Paulo Mayor Begins Serving Eight Year Prison Sentence for Corruption

A former mayor of Sao Paulo and one of the longest-serving politicians in Brazil surrendered to Brazilian authorities in late December to start his nearly eight year prison sentence for money laundering. Paulo Maluf, currently a congressional deputy, was convicted of corruption in May by Brazil's Supreme Court. Mr. Maluf was convicted of laundering \$170 million received during construction projects stemming from his time as mayor in 1993-1996. Since 2015, Mr. Maluf has also been on Interpol's most wanted list for money laundering.

Brazilian Prosecutors Negotiating Settlement in Siemens Bribery Probes

German industrial giant Siemens AG is negotiating a \$271.26 million settlement with Brazilian prosecutors regarding allegations that the company paid bribes to win contracts related to a railway in the country. Prosecutors

in Brazil accuse Siemens of forming a cartel and paying bribes between 1998 and 2008 to win a contract to provide trains for the Sao Paulo metropolitan transit system. Lawyers for Siemens and Sao Paulo state prosecutors reportedly met in late November to discuss the deal.

PERU

Peru's President Survives Impeachment Vote Tied to Odebrecht Corruption Scandal, Political Crisis Continues

Peru's President, Pedro Pablo Kuczynski, facing pressure to resign amid allegations that Odebrecht paid firms linked to him \$5 million in advisory fees, narrowly survived an impeachment vote in December.

Mr. Kuczynski initially denied receiving any money from Odebrecht, but now says that the company did pay him an advisory fee but that he did not receive any illegal payments. Writing on Twitter, Mr. Kuczynski said "[i]t cost us a lot to get our democracy back. We're not going to lose it again. I'm not going to give up my honour, nor my values, nor my responsibilities as president of all Peruvians." Former Odebrecht president Marcelo Odebrecht, however, said that Mr. Kuczynski was hired as an advisor in Peru while he was Economy Minister. In addition, an investigative committee revealed documents showing that Odebrecht made \$782,000 in payments to Mr. Kuczynski's consulting firm, Westfield Capital Ltd, around a decade ago. Mr. Kuczynski appeared before the legislature in late December to defend himself and narrowly avoided an impeachment vote after 10 members of the opposition party abstained from the vote. Although the president narrowly avoided being impeached, he still faces a criminal investigation into his involvement with Odebrecht.

In the midst of the political firestorm, however, two senior officials resigned from the government: Minister of Culture Salvador del Solar and presidential adviser Máximo San Roman. The departures came days after the resignation of three members of parliament from Mr. Kuczynski's party and his minister of interior. Further inflaming tensions, President Kuczynski also set off protests over the Christmas holiday with a Christmas Eve pardon of jailed former President Alberto Fujimori, which was widely seen in the country as political payback. The pardon frees the former president after serving less than half of his 25-year jail sentence for a number of human rights abuses, including the military killings of 25 people.

Peruvian Construction Company Executives Detained in Odebrecht Probe

Four current and former executives of construction companies in Peru were detained in early December after being accused by prosecutors of colluding with the scandal-plagued builder Odebrecht to bribe a former president. A Peruvian judge said the executives should be held in pre-trial detention to ensure they do not flee or obstruct the law as prosecutors prepare charges. Prosecutors said Jose Alejandro Grana, Hernando Alejandro Grana, Fernando Gonzalo, and Jose Fernando Castillo provided \$15 million of a \$20 million bribe paid to ex-president Alejandro Toledo by Odebrecht. The payment was in exchange for highway contracts the companies had partnered together on. All of the men denied any wrongdoing and said they would appeal the judge's ruling. The local construction industry has been put in a state of upheaval by the widespread allegations as the Peruvian government prepares to award new infrastructure contracts, worth nearly \$8 billion, to rebuild the country after recent flooding.

VENEZUELA

Venezuela Opening Corruption Investigation into Influential Oil Minister

Authorities in Venezuela said they are opening a corruption investigation into Rafael Ramirez, who ran the state-owned oil company, PDVSA, for 12 years. Chief Prosecutor Tarek Saab made the announcement in a televised address in December. "We have decided to open a criminal investigation of Rafael Ramirez, ex-oil minister and ex-president of PDVSA," Mr. Saab said. He said that the leaked Panama Papers had compromising information regarding Mr. Ramirez and his cousin, Diego Salazar. Mr. Salazar was arrested in December. Mr. Ramirez has been suggested as a potential presidential candidate in Venezuela's 2018 elections and has been critical of the current administration's handling of Venezuela's economy. He was a close confidant of Venezuela's late socialist leader, Hugo Chavez, but has clashed with Mr. Chavez's successor, Nicolás Maduro.

HAITI

Former Haitian Prime Minister Banned from Traveling as Corruption Probe Intensifies

Authorities in Haiti have banned former Prime Minister Jean-Max Bellerive, who served from 2009 to 2011, from leaving the country while prosecutors investigate corruption allegations. The corruption probe stems from the 2009 disappearance of a public procurement official, and the 2012 death of a construction manager. Mr. Bellerive has denied any involvement or connection to either incident, telling *Reuters* "I believe all this is part of a political lynching." In addition to Mr. Bellerive, former Justice Minister Camille Edouard Jr. has also been banned from leaving the country. The investigation has led to 12

arrests, including a number of government officials, on corruption charges. Clame-Ocnam Dameus, Haiti's prosecutor, said Mr. Edouard could face charges of money laundering and misappropriation of public funds charges.

Africa

ZIMBABWE

Former Zimbabwe Finance Minister Facing Corruption Charges

Ignatius Chombo, a former Zimbabwe finance minister, is facing new corruption allegations. Mr. Chombo is alleged to have illegally resettled people affected by a government clean-up on private land and then demanded a bribe from the owner to remove the people. Mr. Chombo is also facing separate accusations that he defrauded the central bank over the last two decades. Since taking office last month, President Emmerson Mnangagwa said fighting corruption is one of his top priorities as he seeks to stabilize the country's economy after former President Mugabe's 37-year rule. Mr. Chombo has denied all allegations against him.

SOUTH AFRICA

President Zuma Under Pressure to Resign Over Corruption Allegations

A series of adverse rulings by the South African High Court in cases involving corruption allegations against South Africa's president, Jacob Zuma, have been handed down as pressure increases on him to resign. In late December, South Africa's highest court ruled that the country's Parliament failed to properly investigate President Zuma when it

voted not to impeach him. The court ordered lawmakers to create rules regulating a president's impeachment, stating that the South African Constitution was violated when President Zuma was not held to account. In a separate case, South Africa's High Court issued a mid-December order requiring President Zuma to set up a judicial inquiry into state influence-peddling. That ruling followed the High Court's rejection of President Zuma's effort to appoint an allegedly friendly state prosecutor who would be charged with determining if the recent reinstatement of corruption charges against the President was valid.

In October 2017, the Supreme Court of Appeal upheld a lower court decision concluding that nearly 800 corruption charges filed against President Zuma before he became president could proceed. The reinstated charges relate to a \$2.2 billion government arms deal that dates back to the 1990s. President Zuma was also supposedly tied to a scheme to permit three businessmen to influence the appointment of favorable government ministers who would award them public contracts. In August, President Zuma survived a no-confidence vote in the country's Parliament by a much smaller margin than expected. The latest ruling by South Africa's highest court—essentially reprimanding Parliament, which is controlled by President Zuma's party—adds significant pressure on party leadership to call for President Zuma to resign. The African National Congress has generally stood behind President Zuma during his eight years in office, but recently chose a new leader, not backed by the president, in an effort to regroup ahead of the 2019 elections. President Zuma had strongly supported Nkosazana Dlamini-Zuma, a veteran politician and his former wife. Some in the party have argued that Mr. Zuma should be compelled to step down ahead of the 2019 elections to allow the party time to repair its damaged reputation. Others worry that impeachment proceedings against Mr. Zuma could further harm the party.

NEW ARTICLES OF NOTE

Mike Koehler, "Grading the DOJ's 'FCPA Corporate Enforcement Policy,'" 12 Bloomberg Law White Collar Crime Report 1051 (2017). In his article, Mr. Koehler examines the DOJ's newly released Corporate Enforcement Policy. The article is critical of the policy, arguing it is not really new and fails to accomplish some of the Department's stated goals. The article can be [downloaded now 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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