Contents

About the Authors xiii
Vivian Robinson QC xiii
Stuart H. Deming xiii
Truman K. Butler xiv

Preface xvii

CHAPTER 1
Introduction 1

CHAPTER 2
Foreign Corrupt Practices Act 3
A. The Anti-Bribery Provisions
1. Scope and Application 4
a. Any Person 4
   (1) US Person 4
   (2) All Other Individuals or Entities 4
b. Accomplices 5
   (1) Aiders and Abettors 5
   (2) Conspirators 5
2. Essential Elements 6
a. Payment, Offer or Promise 6
   (1) Authorisation 6
   (2) Requisite Knowledge 7
b. Anything of Value 8
c. Foreign Public Official (‘FPO’) 9
   (1) Political Parties, Party Officials or Candidates for
   Public Office 9
Contents

(2) De Facto Members of Government 10
(3) State-Owned or State-Controlled Entities 10
(4) International Organisations 12
d. Corrupt Intent 13
   (1) Knowledge and Intent of Inducer is the Sole Consideration 13
   (2) Knowledge and Intent of an Entity 13
e. Influencing an Official Act 14
f. To Obtain or Retain Business 14

3. Exceptions, Affirmative Defences and Related Considerations 15
   a. Statute of Limitations 16
   b. Facilitating Payments 16
      (1) Nondiscretionary Act 16
      (2) Need for Caution 17
   c. Bona Fide Business Expenditures 17
      (1) Whether Permitted by the FPO’s Government 18
      (2) Reasonable Business Expenses 18
d. Local Law 18
e. Opinion Procedure 19
f. Duress 20

4. Sanctions 20
   a. Criminal Sanctions 20
      (1) US Sentencing Guidelines 21
      (2) Critical Components of Effective Compliance Programmes 21
   b. Civil Sanctions 23
c. Collateral Sanctions 24

B. The Accounting and Record-Keeping Provisions 25
1. Scope and Application 25
   a. Subsidiaries of Issuers 25
      (1) Less than 50 Per Cent Ownership 26
      (2) Determining Effective Control 26
   b. Individuals 26
c. Accomplices 27
(1) Aiders and Abettors 27
(2) Conspirators 27
2. The Record-Keeping Provisions 28
   a. Falsification of Books and Records 28
      (1) No Requirement for Materiality 28
      (2) Covering Up Misconduct 28
      (3) Applicable Records 29
   b. Misrepresentations to Auditors 30
3. The Internal Controls Provisions 30
   a. Adequate Internal Controls 31
   b. Broad Reach of the Internal Controls Provisions 32
3. Statute of Limitations 33
4. Sanctions 33
   a. Criminal Sanctions 33
   b. Civil Sanctions 34
   c. Collateral Sanctions 34
C. Other Applicable Laws 34
1. The Travel Act 34
   a. Use of Interstate or Foreign Commerce 35
   b. Intent and Affirmative Action to Carry on Unlawful Activity 35
   c. Unlawful Activity 35
2. Money Laundering 35
   a. Penalties 36
   b. Forfeiture 36
3. Mail and Wire Fraud 36
4. Certification and Reporting Violations 36
5. Tax Violations 37
6. Retaliation or Obstructing an Investigation 37
D. Enforcement of the FCPA 38
1. Enforcement Agencies 38
2. Justice Department Enforcement Considerations 38
3. SEC Enforcement Considerations 39
4. Deferred-Prosecution and Non-Prosecution Agreements 40
5. Monitors 41
vi Contents

6. Independent Compliance Consultants 41

CHAPTER 3
UK Bribery Act 43

A. The General Offences 43
   1. Bribing another Person (‘Active Bribery’) – Section 1 44
   2. Being Bribed (‘Passive Bribery’) – Section 2 44
   3. Bribing a Foreign Public Official (‘FPO’) – Section 6 45
      a. Foreign Public Official 45
      b. Interaction between Sections 1 and 6 46
   4. Liability of a Corporation for a General Offence 46
   5. Exceptions, Affirmative Defences and Related Considerations 46
      a. Statutory Limitations 46
      b. Relevance of a Country’s Written Law 47
   6. The UK Enforcement Approach to Business Expenditure 47
      a. Need for Caution 47
      b. Basic Safeguards 47
      c. Proportionality 48
      d. The Approach of the UK Serious Fraud Office (‘SFO’) 48
   7. The UK Enforcement Approach to Facilitating Payments 49
      a. The OECD Approach 49
      b. The Need for Caution 49
      c. Basic Safeguards 50
      d. The Approach of the SFO to Facilitating Payments 51
   8. Political Contributions 51
   9. Charitable Donations 52
  10. Sanctions for General Offences 53

B. Liability of Senior Officers 53

C. The Corporate Offence – Failure to Prevent Bribery 54
   1. Relevant Commercial Organisations 54
      a. Parents and Subsidiaries 55
      b. Organisations Pursuing Charitable or Similar Aims 55
      c. The Need for Caution 55
   2. Associated Persons 55
3. The ‘Absolute’ Nature of the Corporate Offence  56
4. The ‘Adequate Procedures’ Defence  57
5. Sanctions for the Corporate Offence  58
D. Other Applicable Laws  58
2. Accounting and Bookkeeping  60
   a. False Accounting under the Theft Act 1968  60
   b. Failing to Keep Accounting Records under the Companies Act 2006  60
3. Company Directors Disqualification  60
4. Aiders and Abettors  60
5. Conspirators  61
   a. Statutory Offence of Conspiracy  61
   b. Conspiracy to Defraud  61
E. Enforcement of the UK Bribery Act  61
1. Enforcement Agencies  61
2. Acceptance of Cases  61
3. Criminal Proceedings  62
4. Deferred Prosecution Agreements (‘DPAs’)  62
5. Civil Recovery Order (‘CRO’)  63
6. Principles Determining the SFO’s Course of Action  64
7. Self-Referral  64
   a. SFO Policy  64
   b. The Decision Whether or Not to Self-Report  65
   c. Specific Guidance to Corporates  65
8. The Current Direction  66

CHAPTER 4

Compliance Programmes  67
A. Harmonizing FCPA and UK Bribery Act Compliance Programmes  67
1. Reconciling the Key Differences  68
   a. Facilitation Payments  68
   b. Private Bribery  68
c. Political Parties, Party Officials, or Candidates for Public Office  68
   d. Scope of International Organisations  69
2. Incorporating Related Considerations  69
   a. Record-Keeping  69
   b. Internal Controls  70
B. Critical Components of a Compliance Programme  70
   1. Commitment from the Top  71
   2. Policies and Proportionate Procedures  72
   3. Record-Keeping  73
   4. Risk Assessment  73
   5. The Compliance Function  75
   6. Implementing Policies and Procedures  76
   7. Training  77
   8. Seeking Guidance and Advice  78
   9. Monitoring  78
  10. Third Parties  79
  11. Mergers and Acquisitions  81

APPENDIX A
Corporative Compliance Program  83
Hallmarks of Effective Compliance Programs  87
Commitment from Senior Management and a Clearly Articulated Policy Against Corruption  88
Code of Conduct and Compliance Policies and Procedures  89
Oversight, Autonomy, and Resources  90
Risk Assessment  91
Training and Continuing Advice  92
Incentives and Disciplinary Measures  93
Third-Party Due Diligence and Payments  94
Confidential Reporting and Internal Investigation  95
Continuous Improvement: Periodic Testing and Review  96
Contents ix

Mergers and Acquisitions: Pre-Acquisition Due Diligence and Post-Acquisition Integration 97
Other Guidance on Compliance and International Best Practices 98
Compliance Program Case Study 100
  Hypothetical: Third-Party Vetting 101
    Part 1: 101
    Part 2: Distributors and Local Partners 102

APPENDIX B
Excerpt - The Bribery Act 2010: Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing (section 9 of the Bribery Act 2010) (‘Government Guidance’) 107
  The Six Principles 107
  Principle 1 108
  Proportionate Procedures 108
    Commentary 108
    Procedures 110
  Principle 2 112
  Top-Level Commitment 112
    Commentary 112
    Procedures 112
    Internal and External Communication of the Commitment to Zero Tolerance to Bribery 112
    Top-Level Involvement in Bribery Prevention 113
  Principle 3 114
  Risk Assessment 114
    Commentary 114
    Procedures 115
    Commonly encountered risks 116
  Principle 4 117
  Due Diligence 117
<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commentary</td>
</tr>
<tr>
<td>Procedures</td>
</tr>
<tr>
<td>Principle 5</td>
</tr>
<tr>
<td>Communication (including training)</td>
</tr>
<tr>
<td>Commentary</td>
</tr>
<tr>
<td>Procedures</td>
</tr>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>Training</td>
</tr>
<tr>
<td>Principle 6</td>
</tr>
<tr>
<td>Monitoring and Review</td>
</tr>
<tr>
<td>Commentary</td>
</tr>
<tr>
<td>Procedures</td>
</tr>
<tr>
<td>Bribery Act 2010 Case Studies</td>
</tr>
<tr>
<td>Introduction</td>
</tr>
<tr>
<td>Case Study 1 – Principle 1</td>
</tr>
<tr>
<td>Facilitation payments</td>
</tr>
<tr>
<td>Case Study 2 – Principle 1</td>
</tr>
<tr>
<td>Proportionate procedures</td>
</tr>
<tr>
<td>Case Study 3 – Principles 1 and 6</td>
</tr>
<tr>
<td>Joint venture</td>
</tr>
<tr>
<td>Case Study 4 – Principles 1 and 5</td>
</tr>
<tr>
<td>Hospitality and promotional expenditure</td>
</tr>
<tr>
<td>Case Study 5 – Principle 3</td>
</tr>
<tr>
<td>Assessing risks</td>
</tr>
<tr>
<td>Case Study 6 – Principle 4</td>
</tr>
<tr>
<td>Due diligence of agents</td>
</tr>
<tr>
<td>Case Study 7 – Principle 5</td>
</tr>
<tr>
<td>Communicating and training</td>
</tr>
<tr>
<td>Case Study 8 – Principle 1, 4 and 6</td>
</tr>
<tr>
<td>Community benefits and charitable donations</td>
</tr>
<tr>
<td>Case Study 9 – Principle 4</td>
</tr>
<tr>
<td>Due diligence of agents</td>
</tr>
</tbody>
</table>
Contents

Case Study 10 – Principle 2  134
   Top-level commitment  134
Case Study 11  135
   Proportionate procedures  135