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UK's anti-corruption procedures advance

EARLIER this year, Mabey & Johnson Ltd, a UK-based supplier of modular bridges, pleaded guilty to conspiracy to corrupt in connection with sales in Ghana and Jamaica from 1993 to 2001 and paying kickbacks to Saddam Hussein's regime in Iraq in connection with the United Nations' (UN) Oil-For-Food Programme in violation of UN sanctions in 2001 and 2002.

Tom Sprange and David Lorello, of Steptoe & Johnson, report the company had disclosed the Ghana and Jamaican corruption offences voluntarily to the UK's Serious Fraud Office (SFO), in connection with an internal investigation conducted by the company beginning in February 2008.

As the first successful UK criminal prosecution for overseas corruption of a corporation, this represents a significant development in UK anti-corruption enforcement. Whether it marks the beginning of a general trend toward corporate voluntary disclosures of overseas bribery and aggressive prosecution of wrongdoers is an open question. It is, however, a clear signal that UK-based companies need to evaluate carefully whether their anti-corruption compliance efforts adequately address their UK-focused anti-corruption enforcement risks and to be rigorous in investigating suspicious activities.

The Mabey & Johnson settlement probably reflects the SFO's desire to create an atmosphere in the UK where companies choose to self-report their conduct abroad. Companies based in the UK or with significant UK-based operations need to evaluate their anti-corruption compliance programmes and carefully investigate any suspicious activities.

In the past year: the UK Financial Services Authority has fined Aon £5.25m (\$8.74m) because of its failure to maintain controls to prevent suspicious payments to third-party agents abroad; the SFO has recovered £2.25m from Balfour Beatty plc as the proceeds of alleged corrupt dealings relating to the firm's involvement in the reconstruction of the Library of Alexandria in Egypt; the Overseas Anti-Corruption Unit of the City of London Police, along with the Crown Prosecution Service, has successfully prosecuted a Ugandan official and the former managing director of CBRN Team Ltd in connection with bribes paid by CBRN for a contract to advise the Ugandan Presidential Guard; and a draft anti-bribery law was submitted to the UK parliament for pre-legislative scrutiny in March, which, if enacted, would enhance the UK's ability to prosecute overseas corruption. It is expected the bill will receive its first reading in parliament in October.

This article first appeared in *Insurance Day* and can also be found at www.IDnewscentre.com