



ANTI-CORRUPTION DIGEST

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NORTH AMERICA

THE UNITED STATES

Deputy AG Rosenstein Announces Revised FCPA Corporate Enforcement Policy

Deputy Attorney General Rod Rosenstein announced the addition of a new Department of Justice (DOJ) Foreign Corrupt Practices Act (FCPA) policy, titled the FCPA Corporate Enforcement Policy. The [new policy](#), which was incorporated into the United States Attorney Manual, aims to provide companies transparency about the benefits available if they satisfy the listed requirements. It is being adopted following the success of the DOJ's FCPA Pilot Program.

Mr. Rosenstein discussed three aspects of the policy during his speech. First, the policy states that when a company satisfies the standards of voluntary self-disclosure, full cooperation, and timely and appropriate

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remediation, there will be a presumption that the DOJ will resolve the matter through a declination. This presumption may only be overcome if there are aggravating factors related to the nature and seriousness of the offense, or if the offender is a criminal recidivist. Second, in the case of a company which fulfills the requirements but there are aggravating factors compelling an enforcement action, the DOJ will recommend a 50% reduction off the low end of the Sentencing Guidelines fine range; criminal recidivists, however, may not be eligible for this credit. Third, the policy provides details about how the DOJ evaluates an appropriate compliance program, which varies depending on the size and resources of a business. The policy will specify some of the hallmarks of an effective compliance and ethics program, such as fostering a culture of compliance, dedicating sufficient resources to compliance activities, and ensuring that experienced compliance personnel have appropriate access to management and the board.

The DOJ's FCPA Pilot Program has been in place over the past 18 months. During the period it has been in effect, the DOJ received a total of 30 voluntary disclosures, compared to only 18 in the preceding 18-month period.

SBM Settles FCPA Violations for \$238 Million

The Dutch-based oil drill manufacturer entered into a three-year deferred prosecution agreement and agreed to pay \$238 million to resolve FCPA offenses. Prosecutors filed a criminal information in Texas federal court charging SBM Offshore NV with one count of conspiracy to violate the FCPA (15 U.S.C § 78dd-2, 78dd-3). *US v. SBM Offshore N.V.*, No. 17-cr-686 (S.D. Tex. filed Nov. 29, 2017). The \$238 million payment includes a \$500,000 criminal fine and \$13.2 million in criminal forfeiture paid on behalf of U.S. subsidiary SBM Offshore USA, Inc. In deciding the penalty, the DOJ credited the company's payment of \$240 million to Netherlands law enforcement and its ongoing efforts to resolve

certain overlapping conduct with Brazilian authorities. The company has already paid Brazilian state-owned company Petrobras \$342 million through a cash penalty and discounts on future work.

The conduct giving rise to the FCPA violations occurred over sixteen years and was carried out by high-level employees, including two executives who were, at times, directors of the U.S. subsidiary. Those two former executives, Anthony Mace and Robert Zubiante, pleaded guilty to FCPA violations this month as well (covered separately below). In addition, the criminal indictment mentions two other unnamed high-level former SBM executives, one of which left SBM in 2008 to begin working as a corrupt intermediary for the company. Between 1996 and 2012, the four executives caused SBM to make commission payments to sales intermediaries and others with the knowledge that a portion of the payments would be used to bribe foreign officials in Brazil, Angola, Equatorial Guinea, Kazakhstan, and Iraq. Along with the corrupt commission payments, the company also gave its marketing and sales staff discretion to pay smaller bribes directly to foreign officials and would regularly send "thank you" money to foreign officials after successfully winning projects. The company paid a total of \$180 million in bribes, and earned, or expected to earn, at least \$2.8 billion from work it obtained from those state-owned oil companies.

SBM did not receive voluntary disclosure credit because the disclosure was not timely, as the company waited a year before disclosing the conduct to the U.S and Dutch authorities. The DOJ initially declined to continue investigating, finding it lacked jurisdiction, but reopened the case after learning of conduct by a U.S.-based executive at the U.S. subsidiary that established jurisdiction. The DOJ did give the company credit for its significant cooperation once the disclosure was made and, in view of the remediation undertaken by SBM, decided to resolve the violation via a deferred prosecution agreement with the parent company, a guilty

plea with the U.S. subsidiary, and an aggregate discount of 25% off the bottom of the applicable sentencing guidelines. SBM will give the DOJ updates over the next three-years, but will not be required to employ an independent compliance monitor. The company also agreed to continue to cooperate with U.S. authorities in the prosecution of other individuals and companies. In a filing made earlier this month with the SEC, SBM said it was reserving \$238 million for the settlement with DOJ which involved Monaco-based Unaoil and certain “legacy issues.”

Two Former SBM Execs Plead Guilty to FCPA Charges

Two former executives from Dutch oil services company SBM Offshore NV pleaded guilty to conspiracy to violate the FCPA at a federal Texas court in November. Anthony Mace was the CEO from 2008 to 2011 and a former board member of SBM’s U.S.-based subsidiary, SBM Offshore USA Inc. Robert Zubiate was a sales and marketing executive at the same subsidiary. The charges relate to conduct by the two executives relating to bribing foreign officials who worked at state-owned oil companies in Brazil, Angola, and Equatorial Guinea.

As part of his guilty plea, Mr. Mace admitted that, prior to becoming CEO, he authorized payments in furtherance of the bribery scheme in all three countries and deliberately avoided learning that the payments were bribes. Mr. Mace admitted to authorizing over \$16 million in payments to five individuals in Equatorial Guinea and allowed the practice of splitting commission payments to SBM’s Brazilian intermediary between an account in Brazil and Switzerland to continue. He also admitted to deliberately avoiding learning that the ultimate recipients of the payments were Petrobras officials. Mr. Zubiate admitted as part of his plea that he and his co-conspirators employed a third-party sales agent to pay bribes to Petrobras officials between 1996 and 2012 to assist SBM and its U.S. subsidiary to win bids.

The two individuals will be sentenced early next year.

Two Arrested On FCPA Charges Relating to Bribes in Chad and Uganda

Foreign nationals Chi Ping Patrick Ho and Cheikh Gadio were arrested this month after the DOJ unsealed a criminal complaint charging the two with conspiracy and violating the FCPA (15 U.S.C. § 78dd-2, 78dd-3) as well as money laundering. *US v. Ho*, No. 17-mag-8611 (S.D.N.Y. filed Nov. 16, 2017). The charges relate to two bribery schemes in Chad and Uganda between the fall of 2014 and the January 2017.

Mr. Ho, the head of an unnamed NGO based in Hong Kong and Virginia which holds “Special Consultative Status” with the United Nations Economic and Social Council and is funded by a Chinese oil and gas conglomerate (Chinese Energy Company), is at the center of both bribery schemes. Mr. Ho and Mr. Gadio became acquainted with each other at the United Nations in New York. In the Chad bribery scheme, Mr. Ho enlisted Mr. Gadio, a former Senegalese minister, to facilitate a \$2 million bribe to the president of Chad in December 2014, characterized as a donation, to secure oil rights for the Chinese Energy Company in Chad. The Chinese Energy Company chose not to pursue the oil rights in the end, deciding to purchase them through a Taiwanese company instead. For his efforts, Mr. Gadio’s firm was paid \$400,000 by Mr. Ho.

In the Ugandan scheme, Mr. Ho provided the Ugandan Foreign Minister a \$500,000 bribe in 2016 to secure contracts and ventures in the country’s financial and energy sectors for the Chinese Energy Company. Mr. Ho had become acquainted with the Ugandan foreign minister while the latter was serving as the president of the U.N. General Assembly. He and Mr. Ho discussed forming a “strategic partnership” between the Chinese Energy Company and Uganda after the Ugandan

Foreign Minister resumed his post. The Foreign Minister thereafter solicited the \$500,000 bribe, which was falsely described as a donation. In return for this payment and promises of future gifts, the Ugandan Foreign Minister secured an opportunity for the Chinese Energy Company to purchase a Ugandan bank. Ultimately, however, the bank was purchased by another Ugandan commercial bank.

Although Mr. Ho and Mr. Gadio are the only two individuals named in the complaint, enough detail is provided regarding other entities and players to suggest their identities. Media sources have identified China Energy Company Ltd. (CEFC) as the Chinese Energy Company and the associated NGO as the China Energy Fund Committee. The complaint also suggests that Mr. Ho was reporting to CEFC Chairman Ye Jianming regarding the scheme's progress. CEFC has denied any involvement stating that it "conducts its business activities in strict accordance with the law" in a statement. The Ugandan Foreign Minister described in the complaint is Sam Kutesa. Since the allegations have been public, Mr. Kutesa has faced repeated calls for his resignation from other Ugandan officials. The allegations that Chad's president, Idriss Deby, was paid a \$2 million bribe is being strongly disputed by the country.

Walmart Expects to Pay \$238 Million to Settle FCPA Charges

Walmart announced that it has put aside \$238 million for a possible settlement with the Securities and Exchange Commission (SEC) and DOJ regarding the longstanding FCPA investigations into the company. The Arkansas-based company said that talks with the two agencies have progressed to the point where it can "now reasonably estimate a probable loss." The announcement came in the company's third-quarter earnings report released in November.

The possible FCPA violations were initially disclosed by Walmart in November 2011 when the firm announced it was undertaking a voluntary global review of its FCPA policies and internal controls. The following year, the *New York Times* reported on allegations that Mexico Walmart paid \$24 million to Mexican public officials in order to win approval to open more stores. In May 2012, Walmart acknowledged that it was the subject of FCPA investigations by the DOJ and SEC. Subsequently the company expanded its original investigation to cover Mexico, Brazil, China, and India. Walmart has spent over \$700 million investigating the possible violations and enhancing its compliance program. The company also expects to spend between \$50 and \$60 million this year on third-party FCPA and compliance expenses.

Charles Cain Will Remain Chief of SEC FCPA Unit

Charles Cain, who has served as acting chief of the SEC's FCPA Unit since Kara Brockmeyer departed earlier this year for private practice, will stay on as the head of the division. Mr. Cain, who has worked in the unit since it was formed in 2010, will be the third official director of the FCPA division. Since the creation of the unit, it has brought 106 FCPA-related actions. The FCPA unit is comprised of about three dozen attorneys and forensic accountants around the country.

Five Individuals Charged in Rolls-Royce Bribery Scheme

Charges were unsealed in November against five individuals, including two former Rolls-Royce executives and a former employee, for their part in a bribery scheme on behalf of Rolls-Royce's U.S. subsidiary. James Finley, a former senior executive pleaded guilty to one count of conspiracy and one count of violating the FCPA. Keith Barnett, former regional director in energy at Rolls-Royce, and Aloysius Johannes Jozef Zuurhout, former energy sales employee at the company, both

pleaded guilty to one count of conspiracy to violate the FCPA. Finally, two non-employees involved in the scheme were also charged. Andreas Kohler, the managing director at an international engineering and consulting firm called Technical Adviser, pleaded guilty to one count of conspiracy to violate the FCPA. Petros Contogouris, the founder and CEO of Gravitass & CIE International Ltd., has been charged with one count of conspiracy, and seven counts of violating the FCPA, as well as one count of conspiracy to money launder and ten counts of money laundering. The DOJ reported he may be outside of the United States.

According to the indictment in his case, Mr. Contogouris worked with employees of Technical Advisor and Rolls-Royce to devise a scheme to pay bribes to win contracts for Rolls-Royce and the company's U.S. subsidiary, Rolls-Royce Energy Systems (RRESI). The contracts the company was trying to win were with the Asia Gas Pipeline LLP (AGP), a company created by Kazakh and Chinese state-owned oil and gas companies in 2007. The contracts were to build and connect a gas pipeline between Central Asia and China. The kickback scheme involved RRESI paying Mr. Contogouris a commission through his company, which would then be split between Mr. Contogouris, the Technical Advisor employees, and a high-ranking Kazakh official who had authority to exert official influence over purchasing decisions at APG. RRESI was awarded contracts for 11 out of 14 gas turbine units for \$145 million around November 2009.

The cases are *US v. Finley*, No. 17-cr-00160 (S.D. Ohio filed July 21, 2017); *US v. Contogouris*, No. 17-cr-00233 (S.D. Ohio filed Oct. 12, 2017); *US v. Kohler*, No. 17-cr-00113 (S.D. Ohio filed June 6, 2016); *US v. Zuurhout*, No. 17-cr-00122 (S.D. Ohio filed June 9, 2017); *US v. Barnett*, No. 16-cr-00248 (S.D. Ohio filed Dec. 20, 2016).

SEC Co-Director of Enforcement Discusses Difficulties Prosecuting FCPA Cases

The Supreme Court's recent ruling in *Kokesh* imposing a five year time limit on the SEC's power to seek disgorgement of ill-gotten gains "will have particular significance" for FCPA cases according to Steven Peikin, the SEC's co-director of the Enforcement Division. Mr. Peikin's comments came during a speech he gave at New York University School of Law to mark the 40th anniversary of the enactment of the FCPA and the 20th year of the OECD anti-bribery convention. The co-director noted that FCPA cases often take the longest to develop due to the complexity and international nature of the conduct. Compared to the DOJ, the SEC face more difficulty in prosecuting FCPA cases, as the statute of limitations is not tolled for the Commission while its foreign evidence requests are outstanding. Now, after the *Kokesh* decision, Mr. Peikin said that the SEC will redouble its efforts to bring cases as quickly as possible.

Mr. Peikin also echoed recent comments regarding the SEC's commitment to hold more individuals accountable. He noted that this can be especially difficult in FCPA cases, as many of the culpable individuals are foreigners with little to no assets in the United States.

U.S. No Longer Implementing EITI

The U.S. announced that it will no longer be implementing the Extractive Industries Transparency Initiative (EITI), which requires oil, gas, and mining companies to track and disclose payments made to governments for access to mining assets, and governments to disclose the payments received from extractive companies. The U.S. law mandating such disclosures, Section 1504 of the Dodd-Frank Act, was also reversed earlier this year.

The EITI was originally formed in 2003, with the U.S. joining as an implementing member in 2014. Currently, there are 52 member countries. The EITI has been seen as an international undertaking in the fight against corruption in the extractive industries sector.

Fox Sports Accused of Bribery in FIFA Trial

The former head of an Argentinian marketing firm, Alejandro Burzaco, testified that Fox Sports and other broadcasters were involved in a scheme to pay bribes to secure rights for international soccer events. The bribes were allegedly paid to high-level soccer officials via offshore entities and sham contracts. Mr. Burzaco further testified that he kept Fox Sports and Fox Pan American Sports informed regarding the bribe arrangements. Prosecutors also produced a 2008 agreement regarding payment of \$3.7 million to a Turks and Caicos holding company operating as a conduit for the bribes which they said was signed by a former Fox executive. Fox Sports has denied any involvement in the bribery scheme.

The testimony came in the trial of three former South American soccer officials alleged to be part of the FIFA corruption scandal that spanned 24 years and involved over \$150 million in bribes. More than 40 defendants have been charged in the case with the majority of them, including Mr. Burzaco, pleading guilty.

Corruption Case Against Sen. Menendez Ends in Mistrial

The trial of current Democratic Senator Robert Menendez ended in a mistrial after jurors said they were unable to reach a verdict. The governor of New Jersey was charged in an 18-count indictment along with his friend, ophthalmologist Dr. Salomon Melgen. The senator faced charges including conspiracy, bribery, and honest services fraud for allegedly helping Dr. Melgen in return for

lavish gifts and political contributions. Sen. Menendez is free to return to Congress although prosecutors still have the option of bringing a new trial.

CANADA

World Bank Debars Ottawa-Based Software Company

The World Bank Group debarred FreeBalance, Inc. after the software company failed to disclose the identity and payment terms of a local agent in Liberia. FreeBalance will be debarred for six-months under a Negotiated Resolution Agreement (NRA). The debarment was reduced from 12 months because FreeBalance took “voluntary corrective and remedial actions,” according to the World Bank. The NRA also requires the software company to enhance its compliance program and to “continue to fully cooperate” with the World Bank. FreeBalance will be debarred for six months and will then serve up to 12 months on “conditional non-debarment,” in which the company will be able to participate in World Bank-financed projects if it complies with its obligations under the NRA.

Swiss Mining Company Under Investigation by Canadian Regulators

A Congolese subsidiary of Glencore plc, Katanga Mining Ltd., is under investigation by Canadian regulators for its corporate governance and accounting practices. Katanga is a Canadian-based mining company operating a major copper mine complex in the Democratic Republic of the Congo and is majority-owned by Switzerland-based commodities giant Glencore. An internal report found that Katanga failed to disclose some executives’ compensation and overstated copper output in 2014. The Ontario Securities Commission is investigating the accuracy of Katanga’s financial reporting,

corporate governance policies, and disclosures related to bribery and anti-corruption laws, among other inquiries. Three executives have resigned from Katanga's board and have been replaced by the company. Glencore said in a statement that it would seek to strengthen controls across its copper operations. When Katanga restarts production, it will be one of Glencore's largest copper mines and is expected to produce as much as 300,000 tons of copper and 20,000 tons of cobalt a year by 2019.

EUROPE

THE UNITED KINGDOM

U.K. SFO Charges Four People in Unaoil Bribery Probe

The U.K. Serious Fraud Office (SFO) announced that it charged four individuals in relation to its investigation into alleged bribery and corruption at Monaco-based oil company Unaoil.

Former Unaoil employees Zaid Akle and Basil al-Jarah have been charged with a conspiracy to make corrupt payments, allegedly in order to secure the award of contracts in Iraq to SBM Offshore, one of Unaoil's clients. The conduct occurred between June 2005 and August 2011. An extradition request has been made to Monaco for another man, Saman Ahsani, on related charges.

Former SBM Offshore NV executives Paul Bond and Stephen Whiteley were charged with conspiracy to make corrupt payments to secure contracts in Iraq during the same time period. Mr. Bond was the former Senior Sales Manager with SBM and Mr. Whiteley was formerly a Vice President with the company.

In March 2016, the Unaoil probe was launched and has drawn in various other parties, including the U.K. units of Swiss engineering

company ABB and Petrofac, a U.K.-listed oilfield services company.

FCA to Start Regulation of Binary Options Trading

On November, 14 2017, the U.K.'s Financial Conduct Authority (FCA) announced it would begin regulating binary option trading for the first time starting January 3, 2018. Binary options are a form of high-stakes gambling on movements in financial indices, for example, whether the FTSE 250 will rise or fall within a given period of time.

Although some binary option products are offered legitimately, binary options trading, and the online trading platforms that offer it, have been subject to negative publicity and perceived risk of scams. In October, the City of London Police revealed that they had carried out raids on 20 businesses in the City of London, as part of a clamp down on boiler room investment frauds, after more than £18 million (US\$23.9 million) was reported lost in relation to binary option scams during the first half of 2017. The FCA has issued a warning to investors about the "high-risk, speculative" nature of binary options and new cryptocurrency contracts-for-differences, a type of financial derivative.

HSBC Named As Focus of U.K. Regulators' Investigation

U.K. regulators are reviewing HSBC Holdings plc's links to corruption in South Africa. While the review of U.K. banks' potential links to the South African corruption scandal had been previously announced, the focus on HSBC was only disclosed in early November. HSBC is alleged to have failed to respond appropriately following internal concerns about transactions relating to the Gupta family, which is alleged to be central to the corruption issues. This has caused concern that it has facilitated alleged money laundering activities.

The review came as a result of issues raised by Lord Peter Hain following revelations from anonymous whistle-blowers that certain banks may have been exposed to transactions linked to the controversial Gupta family and South African President Jacob Zuma. Lord Hain claimed to have evidence of the wrongdoing and pleaded in the U.K.'s Parliament, without naming HSBC, that "urgent action is needed to close down this network of corruption."

SFO Delays Plan to Bring Charges in Airbus Bribery Probe

Reports have surfaced in the press that the SFO may be delaying bringing charges in its bribery probe into Airbus SE's Saudi Arabian GPT unit. This follows a report last month by U.K. campaign group Corruption Watch, which considered that the U.K.'s future exit from the European Union may mean that it will seek to maintain good relations with Saudi Arabia and thus attempt to avoid embarrassing senior Saudi figures. In September 2017, the two countries signed a new military and security deal with a promise to increase cooperation.

The SFO's investigation into GPT Special Project Management began in August 2012 and contains accusations of bribery which is alleged to have led to the Riyadh-based subsidiary winning a £2 billion (US\$2.69 billion) contract to provide services and training, on behalf of the U.K. defense department, to the Saudi Arabian National Guard.

Parties in the investigation were told almost a year ago that the SFO was seeking Attorney General Jeremy Wright's consent to bring charges, with no decision provided to date. Usually, Wright would have communicated his decision within a few months.

MALTA

'Dirty Oil' Money Laundering Inquiry Extends to Malta

On October 30, 2017, the *Times of Malta* reported that Italian law enforcement authorities are collaborating with Maltese and EU agencies in their investigation of an alleged Italy-Libya diesel smuggling ring, known as the 'dirty oil' inquiry. The investigation is focused on Maltese and foreign nationals based in Malta.

The probe relates to the alleged import of illegally exported fuel from Zawyia, Libya to Hurd's Bank, near the Maltese coast. It is suspected that companies linked to Maltese nationals in Malta and Italy are connected to the smuggling ring and were set up solely for money laundering purposes.

FRANCE

French Prosecutor Opens Investigation into Société Générale

The French Financial Prosecutor's office has opened a preliminary investigation into the Paris-based bank Société Générale (SocGen) for alleged violations of French anti-corruption laws. The disclosure came when the bank recently updated its 2016 Annual Report to clarify that two judicial requests had been received in September and October this year for the production of documents relating to its associations with the Libyan Investment Authority (LIA) and other Libyan counterparties.

Earlier this year, SocGen paid around \$1.1 billion to settle a lengthy civil dispute with the Libyan Investment Authority (LIA), Libya's sovereign wealth fund. The LIA alleged that the bank paid \$58.5 million to a company registered in Panama and controlled by associates of the former Libyan dictator

Muammar Gaddafi. SocGen is currently in settlement discussions with the U.S. authorities to resolve an investigation into suspected violations of the FCPA relating to certain transactions with Libyan counterparties, including the LIA.

Russian Oligarch Under Investigation By French Police

On November 20, 2017, Russian oligarch and politician Suleiman Kerimov was taken into custody by French police. The arrest is part of a formal investigation into suspected laundering of proceeds of a tax fraud in which several villas were purchased through shell companies of which Mr. Kerimov is suspected to be the ultimate beneficiary.

Mr. Kerimov was released on bail against the payment of €5 million (US\$6.6 million) on November 22, 2017. A spokesman for Vladimir Putin stated: “The senatorial status of Suleiman Kerimov and the fact that he is a citizen of Russia guarantee that we will do everything in our power to protect his lawful interests.” Mr. Kerimov’s own spokesman has declined to comment.

French Investigators Question Airbus CEO Regarding 2010 Kazakh Deal

Mediapart, France Inter and Der Spiegel have reported that Airbus CEO Tom Enders, Chairman Denis Ranque and two other company executives were interviewed as witnesses in early October by French anti-corruption investigators.

The investigation relates to a potentially suspicious payment linked to a deal which involved the sale of satellites to Kazakhstan in 2010. No allegations have been made against the interviewees.

Despite scrutiny over Airbus’ sales practices as well as bribery investigations into the company in France and the U.K., Enders

continues to defy speculation surrounding his future at Airbus, with the French finance minister and the German government maintaining that Enders’ position within the company is safe.

French Digital Security Firm Debarred by World Bank

Oberthur Technologies SA was debarred by the World Bank for two and half years. The firm used “corrupt and collusive practices” under the Identification System for Enhancing Access to Services in Bangladesh. The project was designed to establish a secure, accurate, and reliable national ID system in that country.

In the National Resolution Agreement, Oberthur admitted to making improper payments to a subcontractor and engaged in “collusive misconduct to obtain and modify bid specifications to narrow competition and secure the award of the contract.” The World Bank said that Oberthur cooperated extensively with the investigation, admitted the misconduct, conducted an internal investigation, and held culpable individuals accountable.

SPAIN

Former IMF Head to be Tried for Fraud

Rodrigo Rato, former Managing Director of the IMF, was ordered by Spain’s High Court on November 17, 2017 to be tried for fraud in relation to the failed listing of Spanish bank Bankia S.A. in 2011.

Mr. Rato led the bank at the time of the failed listing and will stand trial along with 30 other former Bankia executives for investor fraud and falsification of 2010 and 2011 accounts. Bankia and its parent company BFA, Deloitte (the lender’s auditors) and one of Deloitte’s employees are also due to stand trial in regarding the matter.

In 2012, Bankia was rescued by the state following the failed listing, costing tens of thousands of investors all of their savings. The failed listing was blamed for nearly causing the collapse of the entirety of Spain's financial sector, which was subsequently bailed out by international creditors for €41 billion (US\$48.7 billion).

RUSSIA

Rosneft CEO to Appear As Witness in Bribery Trial

A Russian judge has ordered Igor Sechin, head of Russian oil giant Rosneft, to appear in court as a witness in the bribery trial of former economy minister Alexei Ulyakayev. Mr. Ulyakayev is suspected of accepting a \$2 million bribe from Mr. Rosneft and has accused Mr. Sechin of framing him by handing him cash in a meeting that was set up in order to catch Mr. Ulyakayev. Last year, Mr. Ulyakayev was dismissed and placed under house arrest as a result of the allegations. Mr. Sechin was scheduled to appear in court on November 13, but failed to attend. He stated instead that he will agree to testify when a schedule can be agreed upon.

UKRAINE

Ukrainian Minister's Son Subject to Conditional Release in Backpacks Case

Oleksandr Avakov, the son of interior minister Arsen Avakov, was released from custody on November 1, 2017 on the condition that he report on his movements and appear at court as demanded in connection with an embezzlement case.

Mr. Avakov, together with former deputy interior minister Serhiy Chebotar and another, was detained by Ukraine's National Anti-Corruption Bureau on the grounds that they

may be connected to what is known as the 'backpacks case,' a scandal relating to the alleged embezzlement of \$521,000 through a contract to supply backpacks to the interior ministry.

Ukrainian Authorities Urged to Stop Persecution of Anti-Corruption Activists

On November 13, 2017, Transparency International and its Ukrainian chapter called on Ukrainian authorities to stop the abuse of anti-corruption activists. The outcry follows the physical beatings of two individuals linked to Transparency International Ukraine, as well as similar reports from other activists and investigative journalists. Delia Ferreira Rubio, Chair of Transparency International, commented: "The President of Ukraine and parliament have not abolished the regulations that will expose anti-corruption activists to further abuse. This should happen immediately to show that there is good will to support citizens and civil society in the fight against corruption."

Anti-Corruption Bureau Head Possibly Under Investigation Amid Inter-Agency Conflict

Ukrainian prosecutors have obtained an audio recording of a wiretapping transcript being read aloud to unknown parties. It is suspected that the voice on the recording reading the transcript may belong to Artem Sytnyk, the head of the National Anti-Corruption Bureau (NABU), and that the act may constitute the illegal sharing of classified information, depending on whether the document is found to be classified as secret.

A senior prosecutor has alleged that senior Ukrainian political leaders are trying to undermine NABU's work by amending the criminal code, which, it is alleged, would lead to NABU being overloaded with case work. Meanwhile, NABU has opened an investigation into the National Agency on

Corruption Prevention (NAZK), another anti-corruption agency. The detention ties to an alleged exertion of improper influence by the office of President Petro Poroshenko's over NAZK. NABU also announced, without providing further details, that it had opened an investigation into General Prosecutor Yuriy Lutsenko in October at the behest of a court.

ROMANIA

Romanian Leader Subject to Fresh Anti-Corruption Probe

On November 13, 2017, Romanian prosecutors announced that Liviu Dragnea, leader of Romania's ruling Social Democrats, is suspected of forming an organized crime group, providing false statements and abusing his position by misusing European Union funds during 2000-2012. The focus of the investigation is on road construction firm Tel Drum SA which was formerly controlled by a county council which was headed by Mr. Dragnea until 2012. The party had been advancing its plan of a judiciary overhaul, leading Mr. Dragnea to comment that the charges were brought "as the stakes are political [...] it's a violent attack aimed at taking over the party." Mr. Dragnea is also currently on trial in a separate abuse of office case and was convicted for attempting to rig a referendum in 2016, for which he received a suspended sentence.

MIDDLE EAST

ISRAEL

New Legislation Seen as Shielding Netanyahu in Corruption Probe

New legislation that would bar police from publicizing conclusions in criminal investigations and impose a one-year prison sentence for officials who leak findings to the press passed a parliament vote in November. The two sponsors of the legislation are posturing it as a means of protecting suspects' rights and reputations. The opposition claims the legislation is a blatant attempt to protect Prime Minister Benjamin Netanyahu by withholding information about the corruption investigations in which the prime minister is a suspect. The draft bill must still pass two more parliamentary votes to become law.

Netanyahu Questioned By Police in Corruption Probe

Prime Minister Netanyahu was questioned by Israeli police for almost four hours regarding two scandals in which he is a named suspect. The first probe involves allegations that Mr. Netanyahu improperly accepted lavish gifts, while the other centers on accusations that Mr. Netanyahu struck a deal with a newspaper publisher to promote legislation. One of the prime minister's closest aides has become a state's witness against him. This was the sixth time the prime minister has been questioned.

SAUDI ARABIA

Crown Prince Cracks Down on Corruption

More than 200 people were detained as part of Crown Prince Mohammed bin Salman's crackdown on corruption this month. Among

those swept up are princes, prominent businessmen, and former ministers who face allegations of money laundering, bribery, and other corrupt conduct. Saudi Arabia's attorney general also asked the country's central bank, and that of the United Arab Emirates, to freeze the accounts of persons of interest. The crown prince told the *New York Times* that the majority of those detained are agreeing to settlements under which they will hand over assets to the government. Saudi Arabia estimates that the country could recover around \$100 billion of illicit money through these settlements. Senior Saudi Arabian Prince Miteb bin Abdullah was the first senior figure to be released on November 28, according to a Saudi official talking to the *New York Times*. Prince Miteb agreed to pay about \$1 billion and admitting corruption he had been accused of as part of the settlement allowing for his release.

ASIA

CHINA

Former State-Owned News Agency Chief Expelled from the Communist Party for Corruption

Chinese President Xi Jinping continued his anti-corruption drive in November by expelling Liu Beixian from the Communist Party. Mr. Liu is the former editor-in-chief of *China News Service*, the second largest state-owned news agency in China. Mr. Liu is best known for his efforts in "standardizing" the Chinese news reports and increasing the "cohesiveness and impact" of the Chinese news media, so that it would better align with the Chinese government's political objectives.

Mr. Liu's expulsion followed a government investigation into allegations that he accepted money and lavish gifts from private corporations and abused his power. The Central Commission for Discipline Inspection

(CCDI), the anti-corruption agency that spearheaded the investigation since August 2017, said Mr. Liu committed "serious discipline breaches," a term the CCDI has dubbed for corruption. Although no formal charges have been filed, Mr. Liu's removal from the Communist Party—a customary prelude to formal charges—signals criminal prosecution against Mr. Liu might be imminent.

Head of the Chinese Anti-Corruption Agency Warns Corruption Could Lead China to the "Fates of the Soviet Union"

In an op-ed published in *People's Daily* this month, Yang Xiaodu, the deputy secretary of the CCDI, warned that corruption, if left unchecked, would lead China to "follow the fates of the Soviet Union." As a top official of the agency responsible for implementing rules against corruption in the Communist Party of China, Mr. Yang lamented that "the unhealthy tendencies and corruption have severely eroded the [Communist] Party system." Mr. Yang equated the fight against corruption to "a battle of no return," emphasizing that the government must, move its anti-corruption agenda forward.

In the op-ed, Mr. Yang also lauded President Xi Jinping's anti-corruption campaign, stating that President Xi's willingness to "offend the hundreds of thousands of [corrupt] people" rather than "disappoint 1.3 billion people" was inspirational. He predicted that that President Xi's efforts would lead to "historical changes," much needed in China, and set the framework for a healthier and better society for the Chinese people. Indeed, in October alone, the CCDI has disciplined 6,190 Chinese officials for corruption misdemeanors, such as giving unauthorized bonuses to employees, giving or accepting gifts from third parties, and misusing government resources, such as taking government cars for personal use.

Former Head of China's Cybersecurity Arrested for Corruption

The first arrest President Xi made after being reappointed to a second term was of Lu Wei, the former Head of China's Cybersecurity Administration (CCA). The CCDI, which ordered the arrest, announced that Mr. Lu was suspected of committing "serious violations of discipline." The CCDI has provided no additional information concerning its investigation other than that it is interrogating Mr. Lu. It is generally believed that Mr. Lu would likely face disciplinary action but not criminal prosecution.

As head of the CCA, Mr. Lu regulated the internet and technology sector and imposed strict control over internet and media contents in China. In June 2016, shortly before the CCDI investigation began, Mr. Lu inexplicably resigned as the head of CCA, but remained as the deputy head of propaganda at the agency. Mr. Lu was known to be active in international political circles, having attended meetings with officials at the White House, State Department, and in Silicon Valley. A picture of him sitting in Mark Zuckerberg's chair at his meeting with the Facebook founder in his office went viral in Chinese media.

Senior General Commits Suicide Following Corruption Inquiry

Zhang Yang, who had been investigated for possible bribery charges since August, hanged himself at home on November 23 while under house arrest pending investigation. Mr. Yang was a powerful, high-ranking general in the Central Military Commission (CMC), China's national defense agency. The CMC, who launched the investigation, said Mr. Yang "gravely violated discipline," by possessing a large amount of assets which he was unable to account for.

After Mr. Zhang's death, he was criticized by various state-owned outlets for using suicide

"to evade the punishment." The CMC also criticized Mr. Zhang, calling his suicide "an abominable act" through which he sought to "escape punishment from the party and country." Xinhua News Agency, the official press of China, reported that two other high-ranking CMC generals who were also under investigation for corruption in 2015, tipped off the CMC about Mr. Zhang. One general died before trial; the other was sentenced to life in prison for taking bribes in exchange of promoting other officers.

PHILLIPINES

Social Security Executives Face Inquiry for Bribery

Two executives from the Philippines Social Security System (SSS) are under investigation for bribery, according to SSS Commissioner Jose "Pompee" La Vina. SSS is the state-run pension agency for the private sector with roughly 35 million registered members contributing into the state pension system monthly. In a public statement, Mr. La Vina revealed that "at least one stockbroker may be paying cash bribes to SSS officials employed in the agency's investment sector." In return, the SSS officials increased the number of trade transactions for the SSS stockbrokers, thereby enabling the stockbrokers to earn more in transaction fees and commission. Mr. La Vina said the stockbrokers paid the SSS officials a bribe in the "six-figure range" doled out on "a monthly basis based on the volume of business given by SSS to the stockbroker."

While the two officials remain unnamed at this date, it has been confirmed that they are two of the four officials under investigation for insider trading and using SSS portfolio managers to invest their own personal funds, rather than the SSS funds.

Government Charges Former Government Officials for Corruption Over a Railway Maintenance Contract

Philippines' Department of Transportation (DOTC) filed complaints against the Cabinet officers of the former President Benigno Aquino III for corruption. The officials charged included the former interior secretary, the former transportation secretary and the former finance secretary. The complaint concerns the ₱3.8 billion (US\$75,506,000) maintenance contract that the previous administration signed with Busan Universal Rail, Inc. (BURI) to repair the Metro Rail Transit 3 (MRT 3). The MRT 3 is an express train that the Filipinos rely on heavily for commuting in Manila.

The DOTC accused the former officials of engaging in a "grand conspiracy" of plundering the maintenance funds. According to a DOTC official, the former officials "plundered" some of the funds through the guise of remitting monthly payments to BURI pursuant to the maintenance contract, despite "underperformed service and undelivered spare parts." As a result of the lack of proper maintenance, the MRT 3 experienced frequent glitches, extensive delays, and even serious accidents and derailments. The most recent glitch led to over one hundred passengers walking on the tracks for ten minutes after the trains separated unexpectedly.

The former officials denied the charges, with one saying that he was "confident" that the investigation would reveal that the railway agreement was negotiated properly. Another official called the complaint "pathetic," as it lacks "substance, and factual or legal basis." One minority senator who criticize the DOTC's complaint said "one of the elements" of plundering is that the official "personally profited to the extent of ₱50 million" (US\$987,000) which the DOTC cannot prove.

SOUTH KOREA

Former Intelligence Officials Arrested on Bribery Charges

Lee Byung-kee and Nam Jae-joon, the former "spy chiefs" at the National Intelligence Service (NIS), South Korea's intelligence agency, were arrested on November 17 on bribery charges. Mr. Lee and Mr. Nam have been accused of giving 4 billion won (approximately US\$4.95 million) to the Former President, Park Geun Hye, in return for career advancement. Mr. Lee and Mr. Nam allegedly took the bribe money from NIS's "special operational funds"—secret funds reserved to finance the agency's undercover operations. Ms. Park, the first female president of South Korea, was impeached and arrested earlier this year on corruption charges. She is currently detained at the Seoul Detention Center, awaiting trial. Although Mr. Lee and Mr. Nam conceded to remitting the payments to Ms. Park through her aides, they said they thought the payments were for legitimate expenses.

High-Ranking Korean Official Questioned after Aides Arrested for Accepting Bribes

Earlier last week, Jun Byung-hun, a former senior presidential secretary and former aide of Ms. Park, was detained for questioning about the allegations that he accepted bribes. Mr. Jun, in his capacity as an honorary chairman of the Korea e-Sports Association (KeSPA) is alleged to have accepted 330 million won (approximately US\$330,000) from Lotte Homeshopping, a company best known for its television, online and mobile shopping business. In return, Mr. Jun allegedly allowed the company to renew its broadcasting license with KeSPA. Two of Mr. Jun's aides at KeSPA who are suspected of participating in the scheme were arrested earlier this month. On his way to the Seoul Central District Prosecutors' Office for questioning, Mr. Jun

reportedly denied the charges, saying that he never “took part in anything illegal,” and that the current investigation was based on “suspicions and misunderstandings.” While the government has already begun investigating Lotte Homeshopping, it has not charged anyone at the company.

HONG KONG

Renewed Calls to Revamp Hong Kong’s Anti-Bribery Ordinance Prompted by Trial of Former Hong Kong Chief Executive

The recent prosecution of the former Hong Kong Chief Executive, Donald Yam-kuen Tsang, for corruption, has reignited the decades-long call to strengthen and clarify Hong Kong’s anti-bribery law--the Prevention of Bribery Ordinance of Hong Kong (POBO). Mr. Tsang was put on trial for accepting free renovation work from the owner of a penthouse that he planned to rent while still serving as the chief executive. His trial ended in a hung jury after the jurors were unable to come to a majority decision as to whether Mr. Tsang accepted a bribe.

Some argue that while the POBO has served Hong Kong well, it is too ambiguous, too narrowly drafted, and some provisions do not cover the chief executive. For example, Section 3 of the POBO sets forth the requirements for when public servants and elected officials may or may not accept an “advantage” from a third party. An advantage covers gifts, loans, and trips abroad, but excludes “entertainment,” which is defined as “provision of food or drink, for consumption...or any other entertainment...” This means that a public official could be punished if he accepted an expensive box of chocolate from a constituent, but not if they consumed the box of chocolate together. Also, the chief executive is exempted from this section. Another example is Section 4, which makes it illegal for anyone who offers an

advantage to a public official, including the chief executive, in connection with taking certain official acts. But the nexus between the advantage and the official acts is a necessary condition that may be difficult to establish on circumstantial evidence, absent a more clear definition of when an advantage becomes a bribe.

The current Chief Executive, Carrie Lam Chang Yuet-ngor, said during her campaign for the high office that revamping the anti-corruption law is on her agenda. While the Democratic Party has attempted to revamp the POBO since 2012, it has not made any headway since its failed motion to amend the POBO in 2015 that was eventually vetoed by the legislative council.

THAILAND

Conglomerate Charged with Colluding with Airport Officials in Scheme to Withhold Millions from Thai Government

King Power, a company with monopoly over the duty-free shops in Bangkok’s Suvarnabhumi airport, the world’s twelfth busiest airport, has been formally charged with corruption. The complaint, issued by the Anti-Corruption Subcommittee in July and formally accepted by the Central Criminal Court of Corruption and Misconduct Cases in Bangkok earlier this month, named as defendants 14 airport officials, three King Power affiliating companies, and King Power’s Chief Operating Officer. The complaint alleges that the company, with the help of the airport officials, hid 14 billion baht (approximately US\$4.26 million), or 15% of King Power’s total sales proceeds from operating its duty free shops at the airport, which it owed the Thai government in exchange for its license to sell at the airport. King Power is owned by the Srivaddhanaprabha family empire, which owns the English Premier League Football Club Leicester City, champion of the 2016

Premier League. Members of the Srivaddhanaprabha family were not formally charged in the complaint.

Soccer Players Arrested Following Government “Match-Fixing” Probe

A dozen people have been arrested following the investigation conducted by the Football Association of Thailand (FAT) and the Royal Thai police. The joint investigation was prompted by reports of the abnormal frequency of decisive goals scored close to the end of recent soccer matches. Those arrested include members of the Thai national soccer team—the Royal Thai Navy Football Club (Navy F.C.), FIFA and Thai League referees, as well as overseas investors with stakes in the outcomes of the soccer matches. The participants have since been released on bail. Although news reports vary on the exact amount the Navy F.C. players received to fix the game, the bribes reportedly ranged from 200,000 Thai Baht (approximately US\$6,100) to 882,360 Thai Baht (US 27,000). In a press conference, Mr. Smoyot Poompanmuang, the FAT president, acknowledged that “match-fixing” is prevalent in the Thai soccer community, and lamented that unless the game-fixing culture—likened to a “bad disease of our body”—is cured, Thai soccer will become obsolete.

Former Prime Minister Set to be Tried in Absentia in Graft Cases

Former Prime Minister Thaksin Shinawatra might be tried in absentia in connection with two graft cases. Mr. Thaksin has been on a self-imposed exile after being ousted from office in 2006. Mr. Thaksin denies the charges, claiming that they were politically motivated. Previously, government officials could not be tried in absentia. That changed after the law was amended in September. Mr. Thaksin’s sister, also a former prime minister who left Thailand after her government was overthrown in the 2014 coup, had already

been tried under the new law for negligence and sentenced to five years in prison in her absence.

MALAYSIA

Official Reports Increased Corruption Investigations in 2017

The Labuan Malaysian Anti-Corruption Commission (MACC) has received reports on 32 corruption related cases, nearly doubling the number of similar cases reported in 2016. The MACC, commissioned to handle “any report of the commission of an offen[s]e under” the Malaysian Anti-Corruption Commission Act 2009, confirmed that the MACC has, as of this month, opened at least eight investigations and has made five arrests following the investigations. Earlier this month, the MACC arrested a Deputy Director of the Johor Department of Occupational Safety and Health (DOSH), who allegedly accepted RM 8,000 (approximately US\$1,945) from a petroleum engineering company, in exchange for not pursuing charges against the company for installing a grip hoist in a work site without first seeking the required DOSH approval. Another DOSH official was similarly arrested for allegedly demanding and accepting a RM 30,000 (approximately US\$7,297) bribe from the same project manager. During a raid, the MACC investigators found RM 18,505 (approximately US\$4,501) in the official’s home hidden underneath his mattress.

INDONESIA

Anti-Corruption Agency Auctions Seized “Graft Assets”

On November 25, Indonesia’s Corruption Eradication Commission held an auction open to the public where people could bid on RP 5 billion (approximately US\$7,7458,850) worth of “graft” items seized during various investigations in corruption related cases. The

auction items included jewelry, designer handbags, smartphones, motorcycles, suitcase, smartphones, luxurious cars like a Jaguar valued at RP 1 billion (or US\$1,5491,770). To participate, people registered online through the Finance Ministry's Directorate General of State Assets (DJKN) website, after which they received the auction catalog. The Indonesian government has held similar auctions since 2015. In an interview with an Indonesian newspaper, one official said since the government had no use for the graft items, they would rather turn the assets into "an income" for the government.

Speaker of Indonesia's Parliament Detained for Corruption

Setya Novanto, speaker of Indonesia's Parliament, has been detained following an anticorruption investigation conducted by the Corruption Eradication Commission (or better known as KPK, its initials in Indonesian). The investigation was prompted by a U.S.-based consultant, who was hired to provide the technology needed for the identity cards. The consultant informed KPK officers that Mr. Novanto met with him to "negotiate" a 40% "discount," which Mr. Novanto and his co-conspirator intended to keep for themselves. After retracting his earlier promise to cooperate in the KPK investigation, the consultant took his life after a standoff with U.S. federal investigators in Los Angeles, who had been conducting a parallel investigation on the U.S. side.

Mr. Novanto was photographed being taken into KPK custody at its headquarters in Jakarta from the hospital, where he was being treated for injuries from an earlier car accident. KPK accuses Mr. Novanto of attempting to take \$173 million, or 40% of the funds allotted by the government to fund its national electronic identity cards program. The money taken was allegedly divided amongst members of the parliament in sums ranging from \$6,600 to \$7.27 million. Mr. Novanto

denies any wrongdoing, and sought support from his political party to keep his post. His co-conspirator also named in the indictment, Andi Agustinus, due in court in late November, will appear in court, but has not entered any plea.

This was not the first time Mr. Novanto was accused of corruption. In early November, after similarly being accused of corruption, Mr. Novanto succeeded in getting the criminal charges dropped. Mr. Novanto's attorney appeared confident that he would be able to have the charges dropped again. He said to *Reuters* "[i]n every court we always win." Even before the newest allegations against Mr. Novanto surfaced, the Indonesian parliament had long been viewed by many as a failing institution firmly rooted in corruption.

VIETNAM

Former Bank Officials Prosecuted for Corruption

Five Dong A Bank officials have been prosecuted after being placed under house arrest pending an investigation in 2016. The Investigation Police Department of the Ministry of Public Security accused the bank officials of corruption and violating the lending rules. According to the investigators, the officials allegedly originated fake loans and kept the loan proceeds. They also originated certain loans in violation of the state lending guidelines, which led the bank to incur a loss of VND 350 billion (or US\$15.44 million). This prosecution is part of Vietnam's sweeping crackdown on corruption in the lending and banking sectors in recent years.

Latin America

ARGENTINA

New Argentina Law Aims to Curb Corporate Corruption

Argentina's congress passed a law in early November designed to punish companies for corruption by fining or blacklisting them from government contracts. Under the new law, fines can be up to five times the amount companies are determined to have obtained by illicit means and firms can be banned from bidding for public contracts for up to 10 years. The law also includes a provision for companies to sign leniency agreements lessening their punishments in exchange for providing information to prosecutors. President Mauricio Macri said the new law was needed for Argentina to move forward with the massive Odebrecht SA corruption investigation.

Former Argentine Football Executive Commits Suicide as New York FIFA Corruption Trial Begins

A former executive with the Argentine government's broadcast program "Football for All," Jorge Delhon committed suicide in mid-November after being accused of taking bribes at the FIFA corruption trial that began in New York. The broadcast program gave households across Argentina free access to soccer games. Mr. Delhon allegedly accepted \$500,000 per year from 2011-2014 to secure the broadcasting rights for international football games, according to testimony from a sports marketing executive, Alejandro Burzaco. Mr. Delhon was a lawyer for the broadcast program. He was found dead in a suburb of Buenos Aires after being hit by a train. He left a suicide note to his family near the site of his death. The wide-ranging FIFA probe has implicated more than 40 sports

executives since it began in 2015. Mr. Burzaco's testimony also accused media companies Globo and Televisa of paying millions in bribes to secure broadcasting rights and separately accused Fox Sports of bribery. None of the media companies have been charged, and Fox and Globo have denied any wrongdoing.

BRAZIL

Brazilian Minister of Justice Accuses Rio De Janeiro's Military Police of Corruption

Torquato Jardim, Brazil's Minister of Justice, has accused Rio De Janeiro's military police of being complicit in corruption. In early November, Mr. Jardim said in an interview that state ministers did not have control over the military because the "battalion commanders are members of organized crime in Rio." He also noted that the situation has created a security vacuum in Rio, and questioned the recent death of Colonel Luiz Gustavo Teixeira, the 3rd Military Police Battalion of the Meier neighborhood. In response, the Attorney General of the state of Rio called a meeting with the Governor of Rio, Luiz Fernando Pezao, and local military leaders. The governor told *Reuters* that his government would question the minister in the top federal court "in a remedial action and ask him to explain what he said."

Six Detained in Petrobras Bribery Investigation

Brazilian police have detained six people in the state oil company Petroleo Brasileiro SA bribery investigation. Brazilian prosecutors said that bribe payments were made by a contractor to an unnamed former manager of a Petrobras subsidiary, Transpetro, and totaled \$2.2 million between 2009 and 2014. Part of the bribe money was then passed on to Brazil's leftist Workers' Party, according to prosecutors. The police carried out eight

search warrants in connection with the arrests. Police said that the arrests took place in the states of Sao Paulo, Santa Catarina, Sergipe, and Bahia. The company said in a statement that it is “examining the accusations of irregularities in the company’s contracting process,” and reiterated “that it is the victim in these cases and it lends all support necessary” to the investigation.

ECUADOR

Ecuadorian Court Announces Ecuador’s VP Should Face Trial in Odebrecht Probe

A judge with the Ecuadorian National Justice Court announced that Vice President Jorge Glas, along with 12 other defendants, should be tried in an alleged corruption scandal involving Brazilian construction company Odebrecht. As previously reported in the Digest, the Odebrecht corruption case has touched governments throughout Latin America. Vice President Glas is only the latest high-ranking government official to be implicated in the case. Vice President Glas was jailed in early October after the country’s Supreme Court ordered him detained while being investigated. He has denied receiving bribes from Odebrecht and has refused to step down from his office. If convicted, Vice President Glas faces up to 5 years in jail.

PERU

Peru’s AG Accuses Former President of Taking Bribes

The Peruvian Attorney General’s office said that former President Alejandro Toledo took bribes from Camargo Correa SA, a Brazilian construction company, in exchange for a highway contract during his term. An unnamed witness uncovered evidence showing \$3.98 million in payments made to Mr. Toledo from Camargo. Mr. Toledo denies

any wrongdoing and describes the investigation as a “political persecution.” He is also wanted in Peru in connection with allegations that he accepted \$20 million in bribes from Odebrecht. Authorities in Peru are seeking Mr. Toledo’s extradition from the United States.

VENEZUELA

Top Oil Executives Detained in Venezuelan Corruption Probe

Venezuelan authorities made a number of significant arrests in November in an ongoing and widening corruption probe into the country’s oil industry. Among those that were arrested last month were former Oil Minister Eulogio del Pino and Nestor Martinez, ex-president of the state-owned oil company, Petroleos de Venezuela, S.A. or PDVSA. Both are accused of embezzling state funds, conspiracy, and money laundering, Venezuela’s Attorney General, Tarek Saab, said at a press conference. Also included were six executives of PDVSA’s U.S. subsidiary Citgo, including its acting President, Jose Pereira. According to Mr. Saab, the Citgo executives allegedly embezzled money and negotiated a debt-financing deal that improperly offered partial ownership of the company as collateral.

President Nicolas Maduro named Major General Manuel Quevedo as the head of PDVSA and the country’s energy ministry, stating that the appointment was “a new oil revolution” designed to tackle corruption. With Mr. Quevedo’s appointment, Venezuela’s influential military will now control the country’s dominant industry. President Maduro’s government has vowed to take action to combat corruption in Venezuela, but critics argue the arrests are merely turf wars for control of the company rather than a serious anti-corruption effort. Speculation in the country has been rising that President Maduro will call for early elections in March to take advantage of the opposition party’s struggle to

effectively respond to the president's sweeping actions. Mr. Saab has declared a "crusade" against corruption within PDVSA, and has arrested a total of 65 oil managers and officials in the probe since taking office in August.

GUATEMALA

Guatemalan Authorities Raid Millicom Office in Corruption Investigation

Along with a United Nations-backed commission, Guatemala's attorney general searched the offices of an affiliated company of Millicom International Cellular SA in late November. The raid comes four months after the commission announced it would investigate Tigo, a Guatemalan affiliate of international telecommunications and media company Millicom, for campaign finance issues and corruption. In July, Guatemalan police arrested 17 people in an investigation into a scheme allegedly ordered by Guatemala's former communications minister, Alejandro Sinibaldi. Mr. Sinibaldi has evaded authorities since June 2016. In October 2015, Millicom reported to U.S. and Swedish authorities "potential improper payments" that were made on behalf of its Guatemalan joint-venture.

MEXICO

New Report Says Mexico Not Doing Enough to Combat Corruption

A new report by the International Action Financial Group (GAFI) found that the Mexican government is "gravely deficient" in its anti-corruption efforts. According to GAFI, approximately \$58.5 billion was generated from narcotics trafficking, tax fraud, and other crimes in 2014. GAFI is an association of international governments that aims to combat

money laundering. The report stated that there is a "high threat" that "illicit resources will be laundered in Mexico." The Mexican government said that although it has made significant improvements in combating illicit monetary transactions, it needed to install "more efficient mechanisms" to combat corruption. Mexican President Enrique Pena Nieto received heavy criticism after he said that corruption in the country is "cultural." The report concluded that the Mexican government should "create public policy that sheds light on corruption in Mexico," suggesting that the penal code should be standardized to sanction corruption and money laundering.

Africa

NIGERIA

Nigerian President Fires Top Officials After Receiving Anti-Corruption Report

President Muhammadu Buhari fired two top aides after receiving an August 23 report detailing the results of a corruption investigation he ordered. David Lawal, former secretary to the government, and Ayo Oke, the former director general of the National Intelligence Agency, were both fired. Mr. Lawal allegedly violated the "law and due process" in awarding public contracts, and Mr. Oke was investigated after the discovery of \$38 million in cash and other currencies stashed in his private residence. Mr. Lawal will be replaced by Boss Mustapha. No replacement has been named for Mr. Oke. President Buhari won the 2015 elections after campaigning to end corruption in the country, and Vice President Yemi Osinbajo led the panel that investigated Mr. Lawal and Mr. Oke.

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