



Anti-corruption

Trends and news around the globe



Buenos Aires

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Agenda

Global anti-corruption measures

Trend: Global enforcement and cooperation

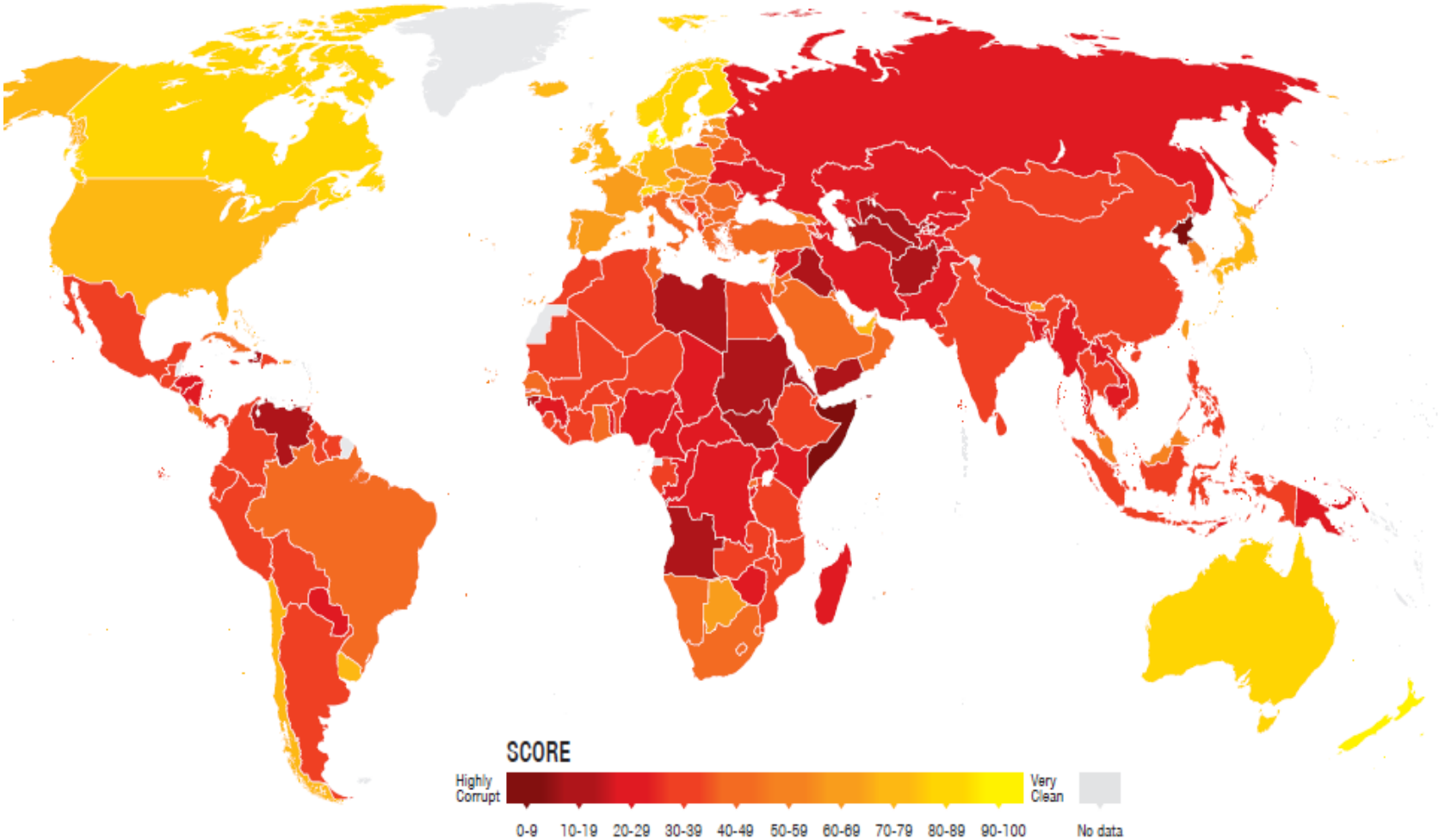
Trend: Parties involved

Trend: Beneficiaries

Trend: How payments are made

Trend: Reasons for bribery

Transparency International Corruption Index 2014



Source: <https://www.transparency.org/cpi2014/results>

Global anti-corruption measures

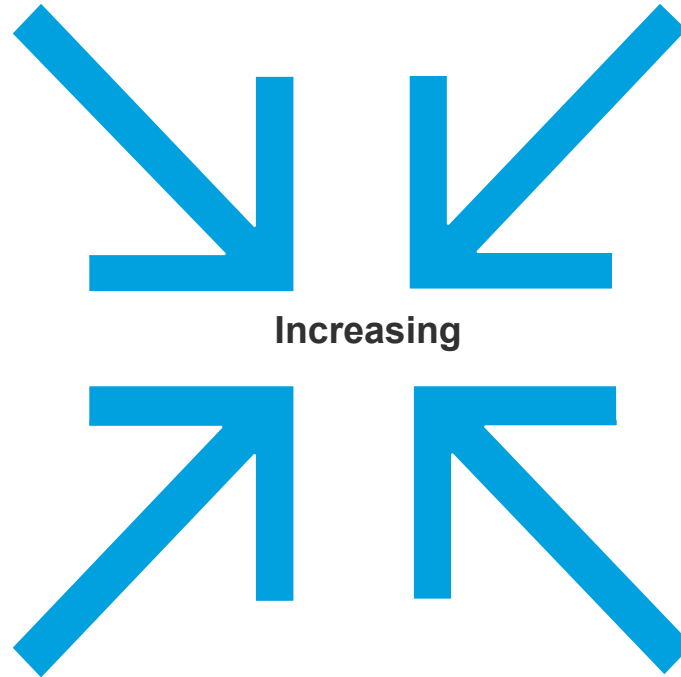
- Anti-corruption is a regulatory/legal issue that continues to concern Board of Directors and executive management teams
- The U.S. was the first country to create an anti-corruption regime with the passage of the Foreign Corrupt Practices Act (“FCPA”) in 1977 aimed at stopping U.S. companies from bribing foreign public officials
- In 1988, the Organisation for Economic Co-operation and Development (“OECD”) enacted the Anti-Bribery Convention with many countries enacting their own national laws in order to stop bribery/corruption. For example:
 - › U.K. Bribery Act (enacted in 2011)
 - › Canada’s Corruption of Foreign Public Officials Act (“CFPOA”) (enacted in 1999, amended)
 - › China’s PRC Anti-Bribery Law (guidance issued in 2013)
 - › Brazil’s Anticorruption Law - no 12.846 (enacted in 2013)
 - › Chile’s Law 20,393 (passed in 2009)
 - › Colombia’s Estatuto Anticorruption (passed in 2011)

Global anti-corruption measures, continued

- Penalties and other consequences vary across initiatives and may include:
 - › Civil and/or criminal fines and penalties
 - › Fines to the company
 - › Fines to individuals
 - › Imprisonment for individuals
 - › Suspension or disbarment from securities business
 - › Debarment from doing business with the government
 - › Unlawful payments are ineligible to be deducted for tax purposes as a business expense

Trend: Global enforcement and cooperation

- Sanctions:
 - Highest monetary sanction was \$2 billion USD equivalent
 - Highest prison sentence imposed was 13 years
 - Other costs
- Of 427 cases in the last 15 years, 366 of these had enforcement actions concluded in the last 6 years



- Average time to conclude cases increasing over time
 - Attributable to increased sophistication of bribery techniques
 - Require more resources and intensive investigations
- 390 foreign bribery investigations currently ongoing in 24 of the 41 Parties to the OECD Anti-Bribery Convention

Source: OECD 2014 Foreign Bribery Report

Global enforcement and cooperation, continued

ACTIVE ENFORCEMENT 4 countries with 23.1% of world exports

US, Germany, UK and Switzerland

MODERATE ENFORCEMENT 5 countries with 8.3% of world exports

Italy, Canada, Australia, Austria and Finland

LIMITED ENFORCEMENT 8 countries with 7.6% of world exports

France, Sweden, Norway, Hungary, South Africa, Argentina, Portugal, New Zealand

LITTLE OR NO ENFORCEMENT 22 countries with 27% of world exports

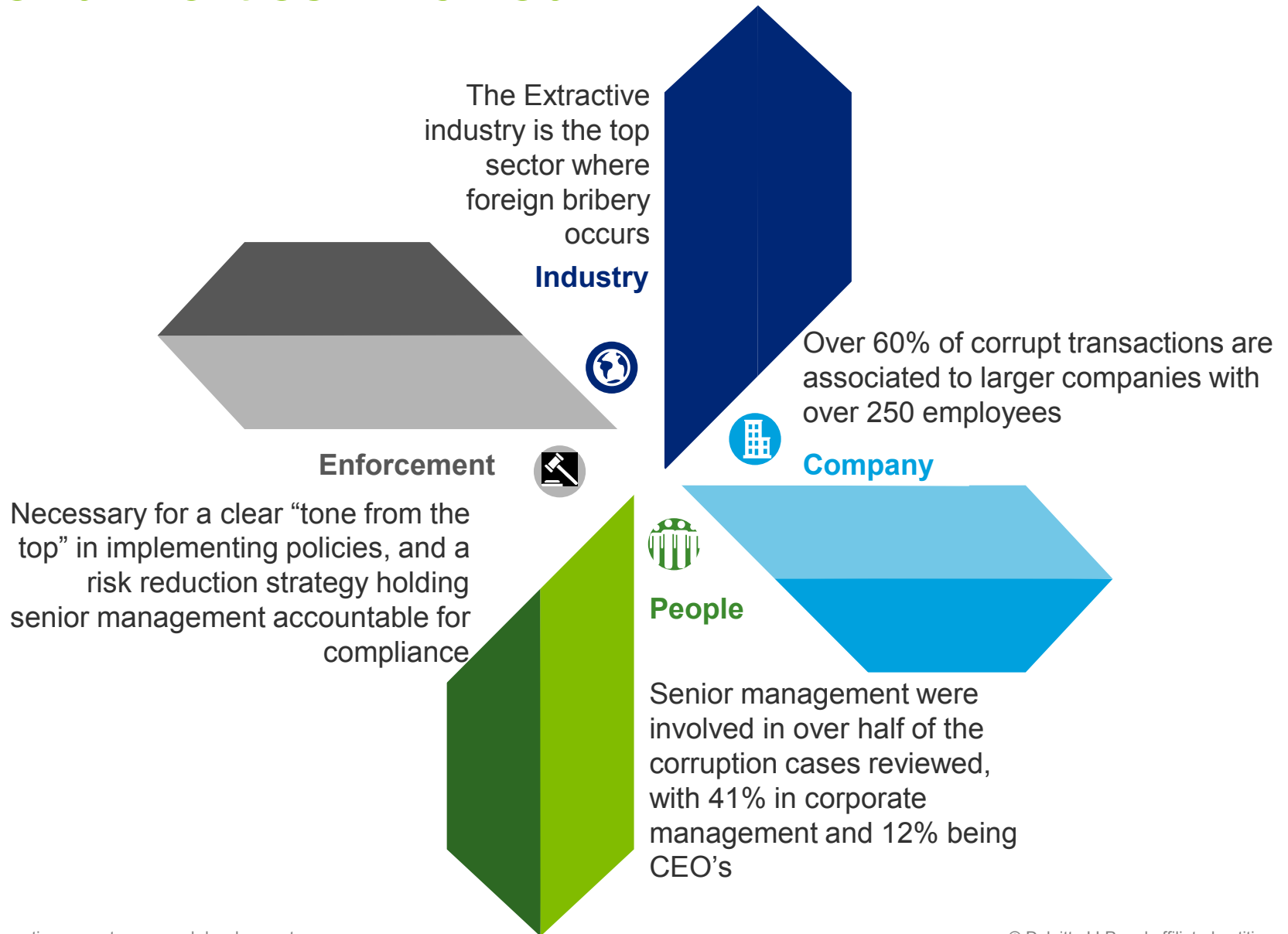
Japan, Netherlands, Korea (South), Russia, Spain, Belgium, Mexico, Brazil, Ireland, Poland, Turkey, Denmark, Czech Republic, Luxembourg, Chile, Israel, Slovak Republic, Colombia, Greece, Slovenia, Bulgaria and Estonia

Source: Transparency International 2014 Progress Report

Global enforcement and cooperation, continued

Increased international cooperation	Increased advocacy
OECD country assessments/country monitoring reports and peer reviews	Transparency International
International Securities and Banking regulators	Asset recovery initiatives and/or organizations <ul style="list-style-type: none"> • U.S. DOJ Kleptocracy Asset Recovery Initiative • Law 333 – Provisions for the Extinction of Ownership of Illicitly Acquired Property (Columbia) • Department of Asset Recovery and International Cooperation (Brazil) • Federal Asset Forfeiture Act (Mexico)
Cooperation with enforcement bodies in other countries	Brookings Institute’s Global Governance Forum
Special training of international prosecutors or anti-corruption tribunals	SEC whistleblower program
Informal information sharing including illegal industry practices and names of third parties involved in such behavior	Institutional investor roadshows

Trend: Parties involved



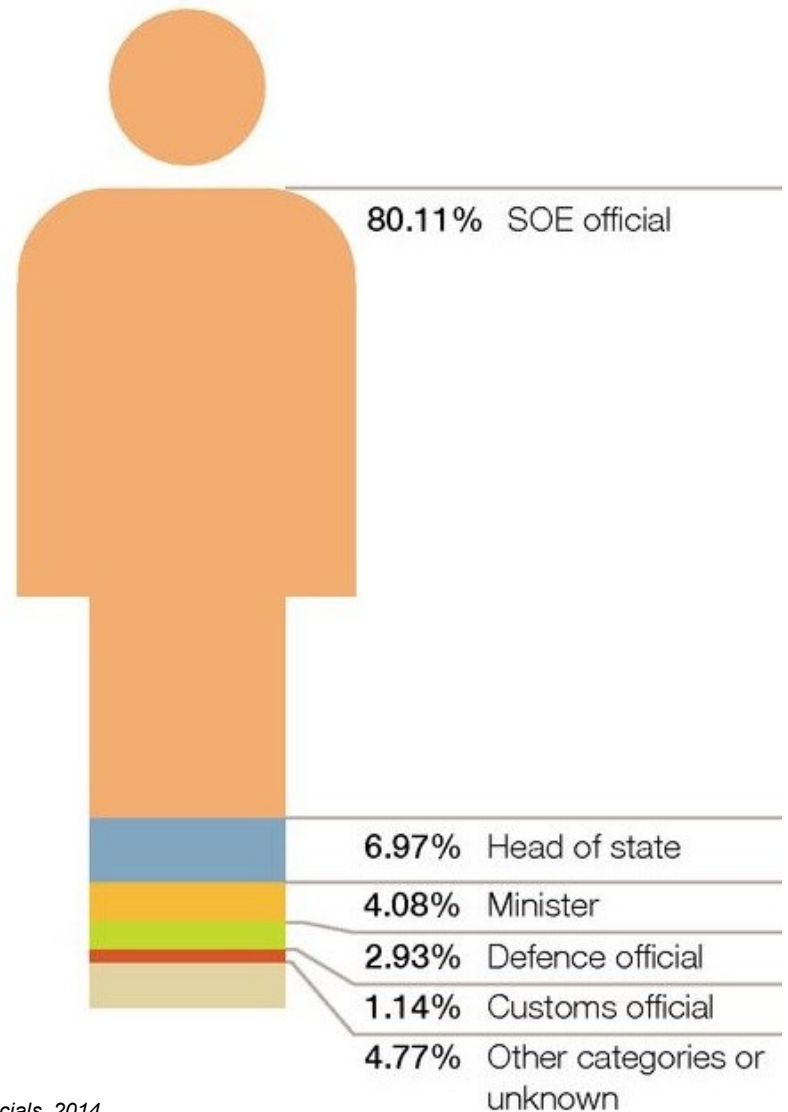
Trend: Beneficiaries

State-Owned Enterprises' (SOEs) officials: the largest category of officials bribed, and are bribed in 27% of the cases, and received 80.11% of total bribes

Customs officials: are the second largest category of officials bribed in 11% of the cases, but received only 1.14% of total bribes

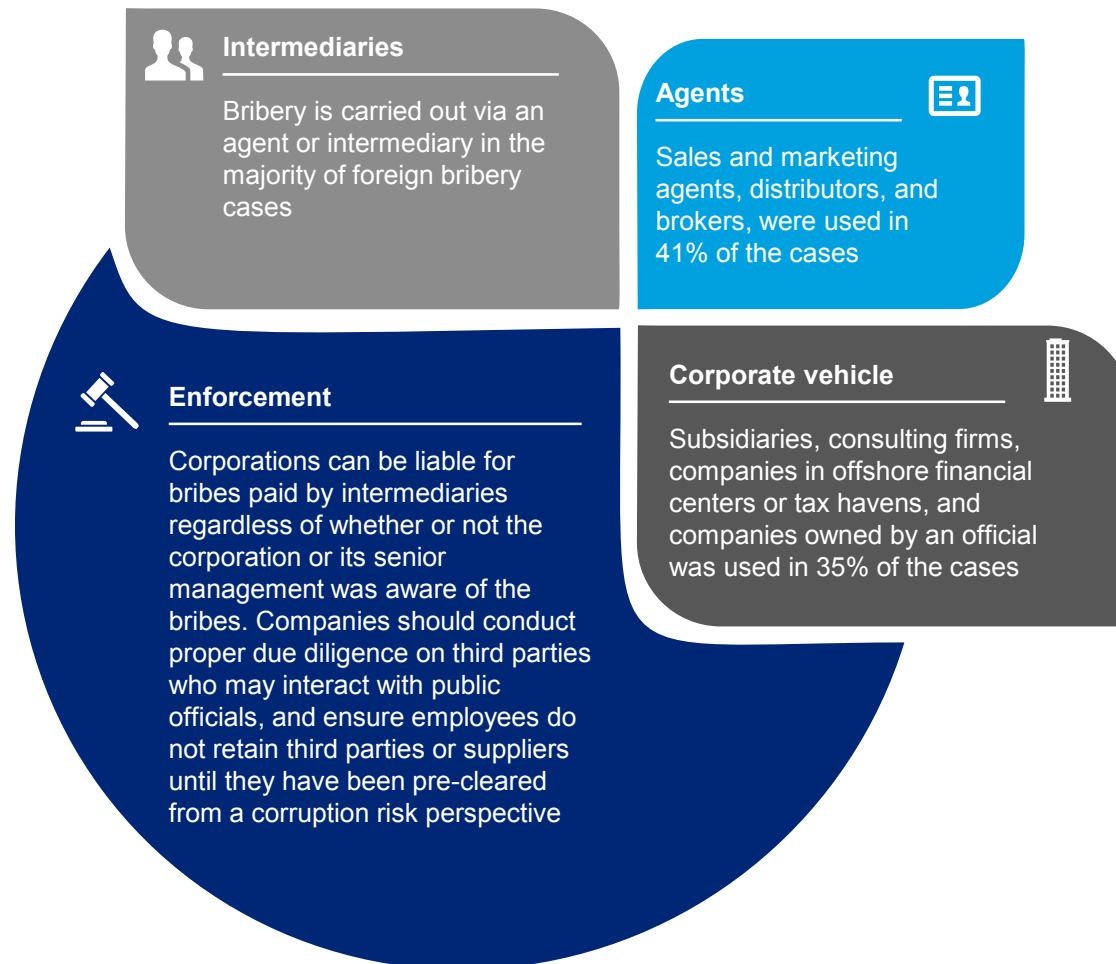
Head of state: although they received 6.97% of total bribes, they are only bribed in 2% of the cases

Figure 12. Ninety-five percent of bribes were paid to officials in 5 categories



Source: OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials, 2014.

Trend: How payments are made



Polling question 1

If you were to select the most important area of focus for the upcoming year regarding your organization's anticorruption program it would be:

1. Board oversight and management responsibility
2. Controls
3. Incident reporting process
4. Monitoring and auditing
5. Policies
6. Risk Assessment
7. Third party management controls and process
8. Training employees and company insiders
9. Training third parties
10. Uncertain

Trend: Reasons for bribery

Contracts

In 57% of the cases, bribes were paid to obtain or retain public procurement contracts.

Operations

In 36% of the cases, bribes were paid for operational activities.

- 12% customs clearance
- 7% other preferential treatment
- 6% favourable tax treatment
- 6% licenses/authorization
- 4% access to confidential information
- 1% travel visas

Source: OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials, 2014.

Polling question 2

The anticorruption risks of primary focus are:

1. obtain or retain public procurement contracts
2. customs clearance
3. favourable tax treatment
4. licenses/authorization
5. access to confidential information
6. travel visas
7. other
8. don't know