

International News

Canada

Corruption in the Quebec construction industry

Quebec police have arrested 10 people in connection with an alleged money-laundering operation headed by a Hells Angels biker gang. Police allege that the operation concerned laundering of drug money through false contracts for construction projects. The government has launched “Operation Marteau” to examine links between the mafia, government municipalities, and construction entrepreneurs. Tougher rules are to be implemented governing the public tendering process for government contracts, including debarment from government contracts of any company found guilty of price rigging, collusion, influence peddling or other corrupt activity.

China

Corruption trials of government officials

The first in a series of trials began in Chongqing of government officials and others charged with bribery and extortion. Reportedly, hundreds of officials and alleged gang members have been arrested in a government crackdown on organized crime.

China

Supreme Court Judge to be investigated

China’s official news agency, Xinhua, reported that Huang Songyou, a vice president with the Supreme People’s Court was fired last year and expelled from the Communist Party, amidst allegations of corruption. This reportedly was the first time that China has removed a top judge for suspected law and discipline violations. The case has been handed over to prosecutors.

Croatia

Defence Minister indicted for corruption

Croatia has indicted a former Defence Minister, Berislav Roncevic, for alleged corruption in relation to the purchase of army trucks in 2004. If the trial proceeds, this will be the first corruption trial of a senior government official in Croatia.

Costa Rica

Former President sentenced for corruption

Former President Calderon has been sentenced to five years in prison for embezzlement in the first such trial of a former head of state in Costa Rica. Another former President, Miguel Angel Rodriguez, also faces trial on corruption charges which forced him to resign as head of the Organization of American States.

Dubai

British manager jailed for corruption

A British senior manager at Istithmar World, the overseas investment arm of Dubai World, has been sentenced to 5 years in jail and ordered to pay approximately US\$2.7 million in fines and restitution after being found guilty of embezzling US\$ 1.34 million.

Dubai

Possible increase of sentencing for corruption

Appeals judges in the Sama Dubai fraud case are considering whether employees of state-funded companies can be tried as public officials. If they can, it would leave defendants in the Sama Dubai case open to much heavier sentences if found guilty of corruption offences.

France

Angolagate

In a case known as “Angolagate” involving charges of arms-trafficking to the Angolan government in the 1990s, Charles Pasqua, Interior Minister under President Chirac, was sentenced to one year in prison for corruption offences, and Christophe Mitterrand, son of the former President Mitterrand, was fined for embezzlement and given a two-year suspended prison sentence. Pierre Falcone, a French arms dealer, and Arkady Gaydamak, an Israeli-Russian businessman were sentenced to six years imprisonment.

France

Prosecutors call for charges against Chirac to be dropped

Jacques Chirac, the former French President, has been ordered to stand trial for alleged corruption in relation to alleged payments made for non-existent jobs during his 18-year tenure as Mayor of Paris. French prosecutors have appealed to judges to drop the charges due to insufficient evidence. Mr. Chirac is the first former French President to be put under investigation.

France

French court stops probe of African leaders’ assets

A French appeals court has stopped a judicial investigation into assets owned in France by the Presidents of Gabon, Congo Republic and Equatorial Guinea and their families. The investigation was instigated by Transparency International France and concerned allegations that the assets were bought with embezzled funds. State prosecutors launched an appeal against the investigation and the appeals court ruled that Transparency International could not legitimately act as plaintiffs against the foreign heads of state.

Germany

Siemens may settle with former senior managers

Siemens AG, the German engineering firm, has offered to negotiate settlements with seven former senior managers from whom it is seeking damages in connection with bribery allegations. The managers include former chief executives, Heinrich von Pierer and Klaus Kleinfeld, who is now CEO of Alcoa Inc. The offer also applies to former board members Johannes Feldmayer, Thomas Ganswindt, Heinz-Joachim Neubuerger, Juergen Radomski and Uriel Sharef. Siemens intends to take legal action against those with whom it does not reach agreement. Siemens has already approved settlements with three other former managers, whereby each manager has agreed to pay the company 500,000 euros.

Indonesia
Two anti-corruption officials arrested

Chandra Hamzah and Bibit Samad Rianto, two officials with the KPK, Indonesia's anti-corruption body, were suspended from their posts and arrested. They were accused of misusing their power by issuing travel bans on businessmen. Both men denied the charges and submitted tapes of conversations as part of their defence. Thousands of Indonesians heard the 4-hour broadcast of the tapes on TV. Reportedly, the tapes revealed discussions of plans to weaken Indonesia's anti-corruption commission. Following widespread protests against the arrests, Chandra and Bibit were released.

Iraq
Deputy Minister arrested

Iraq's Deputy Minister of Transport, Adnan al-Obaidi, was arrested after investigators allegedly taped him taking a \$100,000 bribe. A foreign security firm had approached the Iraqi Integrity Commission alleging that the Deputy Minister had asked for a bribe of \$500,000 to renew the firm's contract.

Israel
Former Prime Minister indicted

Former Israeli Prime Minister Ehud Olmert was indicted in relation to allegations of fraud, breach of trust and failure to report income, relating to alleged activities during his tenure as mayor of Jerusalem and industry and trade minister before he became Prime Minister in 2006. He will be the first Israeli Prime Minister to stand trial.

Italy
Immunity law thrown out

Italy's constitutional court threw out a law that gave Silvio Berlusconi immunity from prosecution as long as he remained prime minister. The law was brought in last year. A trial in which Berlusconi was charged with tax evasion can now be resumed. He could also be put on trial for allegations relating to bribery of David Mills in exchange for providing false testimony in two cases in which Berlusconi was a defendant in the 1990s.

Italy
Fininvest ordered to pay damages for corruption

Silvio Berlusconi's family holding company, Fininvest, has been ordered to pay 750 million euros in damages in a bribery case to CIR, a rival media group. The damages relate to lost revenue suffered by CIR following its defeat by Fininvest in a legal battle to take control of a publishing group, Mondadori. The award follows the conviction in 2007 of Berlusconi's former lawyer for bribing a judge to ensure victory for Fininvest.

Ivory Coast
Suspension of payout to toxic waste victims

A London-based oil-trading company, Trafigura, agreed an out-of-court settlement in London to pay compensation of £30 million to thousands of African victims of toxic waste reportedly arising from the dumping of sulphur-contaminated toxic oil waste on landfills and ditches around Abidjan. The compensation funds were deposited in a bank in Abidjan, but have now been frozen by the local state prosecutor. A local group entitled "National Co-Ordination of Toxic Waste Victims of Cote d'Ivoire", which claims to represent the victims, has applied to have all the money transferred to its own accounts.

Kenya
Changes to Anti-Corruption Commission

The Kenya Parliament declared unlawful the President's re-appointment of Aaron Ringera for a second five-year term as head of the Kenyan Anti-Corruption Commission, and of his two deputies Dr. Smokin Wanjala and Fatuma Sichale. Since Mr. Ringera took office in 2002, no senior government officials have been convicted. Mr. Ringera has resigned, ending the stand-off between the President and Parliament.

Kenya
Suspected fraud in World Bank projects

The Kenyan Finance Minister, Uhuru Kenyatta, announced that government auditors reported losses of about \$1.8 million in two World Bank funded projects "due to what appears to be fraud and corruption". A large number of project managers, junior and senior staff have been suspended pending investigation. The projects relate to a national education programme to enroll students, build schools and improve the quality of teaching, and another project to boost incomes in Western Kenya. The World Bank is suspending funding for the projects pending investigations by the Kenya Anti-Corruption Commission and by the World Bank.

Liberia
Corruption fighter killed

Keith Jubah, the head of the Public Procurement and Concessions Commission, was repeatedly shot outside his house. His body was then set on fire. The commission which was headed by Mr. Jubah had been set up to ensure that public contracts, including deals for mineral extraction rights, were legitimate.

Mozambique
Former minister on trial for corruption

The trial began of a former Cabinet minister and four other defendants who are charged with corruption. It is the biggest corruption case to go to court in Mozambique since independence in 1975. Former Transport Minister Antonio Munguambe and four former officials of the company that runs Mozambique's airports are accused of stealing nearly \$2 million from the company.

Namibia
Freezing order in relation to scanner contract

A court order freezing the assets of three people accused of corruption has been extended. The three people are Public Service Commissioner Teckla Lameck, her business partner, Kongon Mokaxwa, and Chinese national Yang Fan. They are charged with fraud and bribery in connection with a US\$55.3 million contract for the provision of scanning equipment to the Namibia customs authorities by Nuctech Company, a Chinese company. Lameck and Mokaxwa are shareholders of Teko Trading CC, which was appointed as Nuctech's local agent on terms that Teko would apparently earn a total of US\$12.8 million for its services. Yang is Nuctech's southern African representative. He was also allegedly employed by Teko to carry out agency services. The prosecuting authorities allege that the agency agreements between Nuctech and Teko Trading are a sham.

Nigeria
Senior government official convicted

The former head of the Nigerian Ports Authority, Olabode George, has been convicted of misusing public funds while in office. He has been sentenced to two and a half years' imprisonment. Five others who worked with him in the Ports Authority were also found guilty on various charges. Mr. George has said he will appeal the conviction.

Nigeria
Heads of banks charged

Criminal charges, including money-laundering, have been filed against the former heads of five Nigerian banks rescued in a \$2.6 billion bailout. The Economic and Financial Crimes Commission (EFCC) said that the banks had granted loans without collateral or board approval and in some cases to individuals and companies using fictitious names. EFCC agents are also searching for debtors who allegedly owe the five banks approximately 700 billion naira.

Nigeria
Banks to report suspicious cash transactions

Nigeria's central bank has ordered the country's banking sector to report large cash transactions involving "politically exposed persons". These are defined as former heads of state, politicians, local government chairmen, court officials, soldiers and members of royal families. Any transactions over a value of 250,000 naira (US\$1,651) must be reported. The move is part of a number of reforms made by the Central Bank Governor, Lamido Sanusi, to try to stop corruption. Similar regulations have been introduced in other countries as a result of the 9/11 attacks in the US.

Nigeria
\$1 bn EU pact to fight corruption

Nigeria signed a 677 million euro (\$1 billion) pact with the European Union aimed at combating corruption and promoting peace in its troubled, oil-producing Niger Delta region. The agreement will help the oil exporter to tackle challenges in the areas of governance, trade and peace for the 2009-2013 period, the European Commission said in a statement.

Papua New Guinea
Formation of anti-corruption business alliance

The Business Against Corruption Alliance (BACA) has been formed in Papua New Guinea to try to ensure that businesses do not bribe government officials to get contracts or permits. The Alliance comprises the Port Moresby business sector and Transparency International's PNG Chapter.

Rwanda
E-procurement to be established

The Rwandan government has proposed automation of procurement procedures in an attempt to reduce corruption. The system will allow procurement procedures to be monitored centrally and on a daily basis. An alarm will be set to identify any violation of rules. The Ministry of Finance and Economic Planning and CID will be responsible to follow up on failures.

Senegal
Gift from Senegal President to IMF official

An internal IMF investigation has been instigated in relation to a departure gift of \$200,000 given by Senegal's President, Abdoulaye Wade, to Alex Segura, the IMF's Senegal country director. Mr. Wade described the payment as a traditional farewell gift and stated that the size of the gift was a mistake. Under IMF rules, any departure gifts must be valued at less than \$100. Mr. Segura reported the gift to the IMF.

Sierra Leone
Government and civil society working together

The Anti-Corruption Commission of Sierra Leone has invited civil society to play a significant role in fighting corruption in the public sector. Civil society members have been trained by the ACC and asked to monitor government institutions. The monitoring reports will be compiled at regional level and then presented to a steering committee that oversees the National Anti-Corruption Strategy (NACS). The new Anti-Corruption Commission Act has given the ACC the power to send cases directly to court, rather than through the Attorney-General.

Sierra Leone
Health Minister charged with corruption

The Health Minister, Sheku Tijan Koroma, has been charged with illegally awarding contracts, and dismissed from his post. He is the first minister to be charged with corruption since President Ernest Bai Koroma came to power two years ago.

South Africa
Former chief of police on trial

Jackie Selebi, South Africa's former chief of police, pleaded not guilty at the start of his corruption trial. Charges include that a convicted drug smuggler, Glen Agliotti, paid bribes and gifts to Mr. Selebi in exchange for inter alia turning a blind eye to drug trafficking. Glen Agliotti has agreed to be a prosecution witness in exchange for an indemnity. Mr. Selebi resigned as Interpol president after being charged with bribery. He is a senior member of the ruling African National Congress party.

Switzerland
Court order to hand over bank documents

The Swiss Criminal Court has ordered that Switzerland should hand over banking documents to Argentina in relation to a corruption investigation concerning the former Argentinian President Carlos Menem and a subsidiary of Thales, the French defence company. The decision can be appealed to Switzerland's highest court.

Switzerland
Swiss judgment confiscates funds outside Switzerland

Yves Aeschlimann, a magistrate in Geneva, found Abba Abacha, son of General Sani Abacha, the late Nigerian dictator, guilty of corruption, sentenced him to a suspended prison term and ordered confiscation of \$350m (€235m, £210m) in funds held in Luxembourg and the Bahamas. The funds had already been frozen by the investigation.

Taiwan
Conviction of former President and wife

Chen Shui-bian, the former President of Taiwan, and his wife, Wu Shu-chen, were convicted of corruption and sentenced to life in prison. They were convicted inter alia of embezzling approximately \$3.15 million of public money from 2000 to 2008, while Mr. Chen was in office. They were fined \$15 million. Chen has filed an appeal against the convictions. Shortly after being sentenced to life in prison, he was indicted on new embezzlement charges. Chen has filed a lawsuit claiming that the US legally controls Taiwan because former colonial power Japan never officially transferred the island to another nation, and should release him from detention.

Tanzania**IDA lowers Tanzania's governance rating**

The International Development Association (IDA), the lending arm of the World Bank, has lowered Tanzania's ranking in its Country Policy and Institutional Assessment (CPIA) rating - criteria used to determine how much it can lend to a country in a given year. "The lower rating ... reflects the weaknesses in the institutional environment which have allowed the occurrence of serious corruption activities in areas central to the management of the economy," the World Bank said. This lower ranking will partly contribute to Tanzania receiving about \$312 million less in the 2010 and 2011 fiscal years.

USA**Pfizer fined - whistle-blowers receive in excess of \$100 million**

The pharmaceutical group, Pfizer, agreed to pay \$2.3 billion to settle civil and criminal allegations relating to allegations that it had illegally marketed its painkiller Bextra, which has been withdrawn. This is the largest criminal fine ever imposed. It was Pfizer's fourth settlement over illegal marketing activities since 2002. Six whistle-blowers will receive in excess of \$100 million as a reward for alerting the authorities.

USA**Lobbying is put on trial**

Kevin Ring is the first member of the imprisoned Jack Abramoff's lobbying team to be prepared to go before a jury to fight federal corruption charges in court. Prosecutors argue that lavish meals, box seats and other entertainment were provided by Kevin Ring to government officials in return for favourable treatment. Ring maintains that he did nothing illegal. Sixteen other lobbyists and federal officials charged in the influence-trading scandal, including Abramoff, have pleaded guilty.

USA**US refuses visa to senior Kenya official**

The US government has revoked the visa of a senior Kenyan government official because the official is allegedly obstructing efforts to address corruption. The US government has also warned 15 other officials that they may face travel bans to the USA if they do not support the reform agenda. It is believed that the obstructions relate to the requests made by international mediators that the Kenya government set up a tribunal to investigate the post-election violence in 2008.

USA**DoJ investigates former Interior Secretary**

The Department of Justice is investigating a decision in 2006 by Gale Norton, the former Interior Secretary, to award oil shale leases in Colorado to a Royal Dutch Shell subsidiary. Later, Shell hired Norton as a legal counsel. The DoJ is investigating whether Ms. Norton illegally used her official position to benefit Shell.

USA**Bahamian lawyer indicted for money laundering**

Sidney Cambridge, a prominent Bahamian lawyer, has been indicted on U.S. federal corruption charges including conspiracy to commit money laundering for allegedly helping undercover FBI agents launder \$900,000 from an investment fraud scheme. Mr. Cambridge has served as vice chairman of the Bahamas' opposition Progressive Liberal Party.

USA**Ex-head of NY police pleads guilty to corruption**

A former New York City Police Commissioner pleaded guilty to lying to White House officials and tax evasion charges. He also admitted receiving apartment renovations from a construction firm and that he helped the company win city contracts. His corruption trial had been due to start shortly and he would have faced up to 30 years in prison on the most serious charge. Now he is likely to receive about two-and-a-half years under the plea deal.

Vietnam**War memorial corruption case**

Corruption charges have been laid against four officials, two academics and two building contractors in relation to the defective construction of a war memorial built to mark Vietnam's greatest victory in its war against French colonialism. The monument developed cracks and started to rust shortly after it was erected in 2004. Investigation revealed that it had been built from scrap bronze instead of pure bronze.

Zambia**Anti-corruption head dismissed**

One week after the acquittal of former President Chiluba, the Zambian government decided not to renew the contract of the head of Zambia's anti-corruption task force, Maxwell Nkole. He had previously filed an appeal against the acquittal. The Zambian courts have not yet registered the London' High Court's civil judgment which found that, together with others, Mr. Chiluba had defrauded Zambia of over \$40 million.

International**Africa - No winners for Mo Ibrahim prize**

The \$5 million Mo Ibrahim African leadership prize will not be awarded this year. The prize is given to heads of state who rule wisely and hand over power to elected successors. Thabo Mbeki, the former South African president, Olusegun Obasanjo, a former Nigerian president, and John Kufuor of Ghana were all possible candidates. The decision not to award the prize was made by a panel including Kofi Annan, the former UN Secretary-General, Salim Ahmed Salim, former Chairman of the OAU, Mary Robinson, Ireland's former President, and Mohamed El Baradei, the outgoing Director-General of the IAEA.

International**EU: Complaints of uneven application of Article 45**

The UK Anti-Corruption Czar, Jack Straw, stated that there is a "new urgency" to address complaints that contract bans under Article 45 of the EU Procurement Directive are not being implemented consistently across member states and are deterring British companies from admitting corruption. Mr. Straw highlighted the case of Siemens, the German engineering group, which was fined approximately 1 billion euros last year by domestic and US authorities but does not appear to have been barred from EU public procurement work.

International**TI's Corruption Perception Index 2009**

Transparency International's Corruption Perceptions Index 2009 was issued on 17th November 2009. See:

http://www.transparency.org/policy_research/surveys_indices/cpi/2009

U.K. News

UK**Former MEP jailed for fraud**

A former Member of the European Parliament (MEP) was sentenced to two years' imprisonment for fraud. This follows investigations by the European Anti-Fraud Office (OLAF) and the Bedfordshire Police in the UK. He is the first MEP to be convicted for misuse of EU funds. The former MEP pleaded guilty to a number of counts of false accounting totalling £39,000. While an MEP, he had claimed £3,000 per month of Parliamentary secretarial assistance allowance while he paid his assistant only £500 per month. He used the balance for his personal benefit, including buying a car and paying off credit-card debts.

UK**Ex-director sentenced to four years in jail**

A former finance director of KPMG has been sentenced to four years in jail at London's Southwark Crown Court, having pleaded guilty to false accounting and fraud. He stole more than £500,000 from his employer to fund his wife's lavish lifestyle. The judge said that the factors in the defendant's favour were his guilty plea and the fact that he had repaid all money stolen.

UK**Former McAlpine executives jailed for fraudulent trading**

Three former senior executives of Alfred McAlpine Slate have been jailed after pleading guilty to overstating the company's production and sales figures. They were sentenced to between 10 months and two-and-a-half years' imprisonment. They pleaded guilty to fraudulent trading. The SFO said about 44 per cent - more than £10 million - of the company's reported debtors were fiction. It said the directors had showed auditors a stockpile of crates of roofing slate but while the outer crates were full, the inner crates were empty. Customer letters were also created to give the impression that debtors' payments were in the pipeline.

UK**Mabey & Johnson sentenced**

Mabey & Johnson, a UK company which designs and manufactures steel bridges, has pleaded guilty in the UK courts to two charges of corruption in Jamaica and Ghana, and to one charge of breaching sanctions in Iraq. It has been required to pay a £3.5 million fine. The company estimates its total resultant payment at £6.61m, made up of the fine, compensation to affected countries, confiscation of profits, the prosecution's costs, and the cost of an independent monitor. The company self-reported the issues to the authorities, and is now under new management.

UK**Crime in the construction industry**

The Chartered Institute of Building has published a report entitled "Crime in the Construction Industry".
See: <http://www.ciob.org.uk/resources/research>.

UK**Potential prosecution of BAE**

The UK Serious Fraud Office issued a statement stating that it would seek leave from the Attorney General to prosecute BAE Systems. This came after the company apparently rejected a plea bargain relating to allegations of bribery in Eastern Europe and Africa. BAE has denied any wrongdoing and is reportedly hoping to restart talks with the SFO. An MP with BAE factories in his constituency has called on the Prime Minister, Gordon Brown, to intervene in the case.

UK**Civil Recovery Order against AMEC plc**

The Serious Fraud Office has issued a Press Statement stating that it has obtained a Civil Recovery Order of almost £5 million against AMEC, an international engineering and project management firm. AMEC made a referral to the SFO in March 2008 following an internal investigation into irregular payments associated with a project in which AMEC is a shareholder. The SFO has determined that there was unlawful conduct in connection with description of the payments in the books and records of AMEC. In addition to the settlement payment, AMEC has agreed to appoint an independent consultant to review improvements to its ethics, compliance and accounting standards.

UK**OFT fines 103 firms found guilty of cover pricing**

The Office of Fair Trading (OFT) has fined 103 construction companies a total of approximately £129 million for engaging in illegal anti-competitive activities, mostly in the form of cover pricing. It also uncovered 6 instances of bid rigging. In 11 tendering rounds, the lowest bidder faced no genuine competition because all other bids were cover bids. Discounted fines were given to some firms if they admitted their involvement. Information relating to the case can be found at: <http://www.offt.gov.uk/news/press/2009/114-09>

UK**Kier lodges appeal against OFT fine**

Kier has lodged an appeal against its £18m fine by the Office of Fair Trading, on the basis that it did not receive leniency for admitting the charge and the fine did not take its relatively low profit margin into account. Kier received the heaviest penalty among the 103 contractors fined £129.5m by the OFT. The average fine was £1.13m. Four other firms have confirmed that they will appeal the size of their fines.

UK**Publication of Bribery Bill**

The Bribery Bill has been published. It is expected to be law at some stage in 2010. The Bill is intended to simplify the law on bribery by replacing the existing old and fragmented legislative and common law offences with a single modern statutory framework. It includes two general offences relating to giving and receiving bribes, a discrete offence of bribery of a foreign public official, and an offence of failure on the part of a commercial organisation to prevent bribery. The bill can be found at:
<http://www.publications.parliament.uk/pa/ld200910/ldbills/003/10003.i-ii.html>

Forum News

Twenty-first Meeting of the Forum

The twenty-first meeting of the Forum was held on 15th October 2009. The activities of the working groups and other relevant issues were reviewed, and future actions were agreed.

Scottish Consultation on bribery law

The Scottish Government has issued a consultation on reforming the law of bribery in Scotland. The Forum has made a submission in the consultation.

Office of Fair Trading addresses Forum

At the Forum's October meeting, Deborah Jones, Deputy Director, Investigations, of the Office of Fair Trading (OFT), gave a presentation to the Forum on:

- The types of cartel which OFT encounters in the infrastructure, construction and engineering sector.
- How OFT investigates.
- The possible penalties.
- What a business should do to avoid involvement in a cartel.
- What a business should do if it discovers a cartel.

Forum Information

What is the U.K. Anti-Corruption Forum?

The Anti-Corruption Forum is an alliance of U.K. business associations, professional institutions, civil society organisations and companies with interests in the domestic and international infrastructure, construction and engineering sectors. The purpose of the Forum is to promote industry-led actions which can help to eliminate corruption. The members of the Forum believe that corruption can only be eliminated if governments, banks, business and professional associations, and companies working in these sectors co-operate in the development and implementation of effective anti-corruption actions.

Membership of the UK Anti-Corruption Forum

For information on how to join the Forum, either visit the website or contact the Co-ordinator (see addresses below).

Information on the UK Anti-Corruption Forum

For information on the Forum, either visit the website:

www.anticorruptionforum.org.uk

Or contact Neill Stansbury, Forum Co-ordinator, at

coordinator@anticorruptionforum.org.uk

Newsletter Editorial Panel

Editor: Catherine Stansbury

Hamish Goldie-Scot

John Howell

Tom Osorio

Neill Stansbury

For comments on this Newsletter, or contributions and suggestions for future editions, please contact

coordinator@anticorruptionforum.org.uk

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