

SFO - Serious Fraud Office

Insurance Broker jailed for bribing Costa Rican officials

26 October 2010

Julian Messent was sentenced today to 21 months' imprisonment after admitting making or authorising corrupt payments of almost US \$2 million to Costa Rican officials in the state insurance company, Instituto Nacional de Seguros (INS) and the national electricity and telecommunications provider Instituto Costarricense de Electricidad (ICE).

He was ordered to pay £100,000 compensation within 28 days to the Republic of Costa Rica or serve an additional 12 months imprisonment if he fails to do so.

Following a joint investigation by the Serious Fraud Office and the City of London Police which opened in 2006, Julian Messent (d.o.b. 20/02/60), who was a director of London-based insurance business PWS International Ltd ("PWS"), pleaded guilty at Southwark Crown Court to two counts of making corrupt payments between February 1999 and June 2002, contrary to s1 (1) of the Prevention of Corruption Act 1906. The sentence passed was 21 months imprisonment on each count to run concurrently. He also asked for 39 similar offences to be taken into consideration.

Background

The defendant was head of the Property (Americas) Division at PWS. In this role he was responsible for securing and maintaining contracts for reinsurance in the Central and South America regions.

Between 1999 and 2002, PWS acted as broker on behalf of INS, which in turn was the insurer for ICE. Both INS and ICE were state institutions of the Republic of Costa Rica.

During this period, Messent authorised 41 corrupt payments totalling \$1,982,230.77 to be paid to Costa Rican officials, their wives and associated companies, as inducements or rewards for assisting in the appointment or retention of PWS International Ltd as broker of the lucrative reinsurance policy for INS.

Following elections in Costa Rica in 2002, officials in INS and ICE were replaced. Enquiries were made into the contract with PWS and questions were raised about payments made under it. The Foreign and Commonwealth Office referred the case to the SFO in October 2005 and the case was accepted for investigation in August 2006.

Proceedings

The defendant was charged in April 2010. He had already started plea negotiations under the Attorney-General's Guidelines with the SFO and these were successfully concluded in September. He pleaded guilty at Southwark Crown Court on 22 October, in accordance with the agreement, and has today been sentenced to 21 months' imprisonment on both counts on the indictment, each sentence to run concurrently. He was also ordered to pay £100,000 in compensation to the Republic of Costa Rica and was disqualified from acting as a company director for five years.

In passing sentence The Hon. Recorder of Westminster, HHJ Rivlin QC, quoting Lord Justice Thomas (in the Innospec case) said, *"It is no mitigation to say others do it [pay bribes] or that it is the way of doing business...anyone minded to do it should be deterred from doing so"*. Judge Rivlin also commended the SFO and the City of London Police saying that, *"The investigation has been carried out to the highest possible standard"*.

SFO Director Richard Alderman said

"This case shows how determined we are to pursue businessmen who bribe. Working with agencies in other countries is a key feature of our approach which can result in action being taken against both sides of the bribe. This case is also a good example of how an early plea agreement can bring a swift resolution."

Ongoing proceedings

There are proceedings in the Republic of Costa Rica against those alleged to have taken bribes. The SFO has been working with prosecutors there to bring both cases to court. A trial date for the Costa Rican case has not yet been set.

Notes for editors:

The charges the defendant pleaded to are:

Count 1

Corruption, contrary to section 1(1) of the Prevention of Corruption Act 1906.

Particulars of the offence: Julian Messent on or about 9 February 1999 corruptly made, or caused to be made, a payment of \$25,832.22 to Roxana Cordero Bogantes, the wife of Alvaro Acuna, an agent of the Instituto Nacional de Seguros of the Republic of Costa Rica, as an inducement or reward for doing an act in relation to the affairs or business of the aforesaid Instituto Nacional de Seguros, namely assisting in the appointment or retention of PWS International Limited as broker of the reinsurance contract known as 'U-500'.

Count 2

Corruption, contrary to section 1(1) of the Prevention of Corruption Act 1906.

Particulars of the offence: Julian Messent on or about 7 June 2002 corruptly made, or caused to be made, a payment of \$250,000.00 to Reska Financial Inc, a company associated with an agent of the Instituto Nacional de Seguros of the Republic of Costa Rica, namely Cristobal Zawadski, and for his benefit, as an inducement or reward for doing an act in relation to the affairs or business of the aforesaid Instituto Nacional de Seguros, namely assisting in the appointment or retention of PWS International Limited as broker of the reinsurance contract known as 'U-500'.

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