

2008

Anti-Corruption

Leslie Benton

Michael Kieval

Caroline Lindsey

Kerry Mandernach

Philip Urofsky

See next page for additional authors

Recommended Citation

Leslie Benton et al., *Anti-Corruption*, 42 INT'L L. 709 (2008)
<https://scholar.smu.edu/til/vol42/iss2/29>

This Article is brought to you for free and open access by the Law Journals at SMU Scholar. It has been accepted for inclusion in International Lawyer by an authorized administrator of SMU Scholar. For more information, please visit <http://digitalrepository.smu.edu>.

Anti-Corruption

Authors

Leslie Benton, Michael Kieval, Caroline Lindsey, Kerry Mandernach, Philip Urofsky, and Alexandra Wrage

Anti-Corruption*

I. Introduction

International anticorruption efforts gained momentum around the world in 2007 and, once again, reached all-time highs in the United States. Even the record-breaking cases—such as the €201 million settlement between Siemens and German prosecutors—lost headlines to speculation surrounding the ongoing multinational investigation of defense contractor British Aerospace Engineering (BAE), which threw many of the hurdles of such prosecutions into sharp relief. The British government's decision to drop the investigation into alleged bribes paid to Saudi Arabia by BAE galvanized civil society and led to sharp criticism by the Organization for Economic Cooperation and Development's Working Group on Bribery. Other governments have picked up the investigation, but questions remain as to whether the British will share information with them. While 2007 was a story of success, it also left lingering questions and renewed dialogue regarding international cooperation, prosecutorial discretion, and the interaction of national security with anticorruption efforts.

II. US Developments

U.S. enforcement of the Foreign Corrupt Practices Act (FCPA) continued its dramatic climb in 2007. At the end of 2006, the Department of Justice (DOJ) formed a new team within the Criminal Division's Fraud Section dedicated to enforcement of the FCPA. To complement the team, the FBI formed a dedicated unit of FCPA agents.

A. COMPANY PROSECUTIONS AND SETTLEMENTS

1. *Vetco Gray*

On February 6, 2007, three wholly-owned subsidiaries of Vetco International Ltd. pled guilty to violating the foreign bribery provisions of the FCPA and conspiracy to violate the FCPA in connection with the payment of approximately \$2.1 million in bribes to Nigerian Customs Service officials over a two-year period. The companies agreed to pay aggregate criminal fines of \$26 million and to hire an independent monitor.¹ This was the second time in less than three years that Vetco Gray companies pled guilty to violating the FCPA in Nigeria. A fourth subsidiary, Aibel Group Ltd., signed a deferred prosecution agreement on January 5, 2007. Aibel Group admitted that it engaged in conduct similar to that

* This report was prepared by members of the Anti-Corruption Committee: Leslie Benton, Michael Kieval, Caroline Lindsey, Kerry Mandernach, Philip Urofsky, and Alexandra Wrage. A more complete version is available on the Committee's website, <http://www.abanet.org/dch/committee.cfm?com=IC700600>.

1. Press Release, U.S. Dep't of Justice, Three Vetco International Ltd. Subsidiaries Plead Guilty to Foreign Bribery and Agree to Pay \$26 Million in Criminal Fines, Release No. 07-075 (Feb. 6, 2007), available at http://www.usdoj.gov/opa/pr/2007/February/07_crm_075.html.

of the other three companies and agreed to institute a comprehensive monitoring program.²

2. *Dow Chemical*

On February 13, 2007, the Securities and Exchange Commission (SEC) filed a settled enforcement action against Dow Chemical Company for violating the books and records and internal controls provisions of the FCPA.³ Dow consented to a \$325,000 civil penalty and to the entry of a cease and desist order.⁴ The SEC's complaint alleges that between 1996 and 2001, Dow's subsidiary, DE-Nocil Crop Protection Ltd., made approximately \$200,000 in improper payments to a variety of Indian officials.⁵

3. *Baker Hughes*

On April 11, 2007, the DOJ brought an enforcement action against Baker Hughes, Inc., and its wholly-owned subsidiary Baker Hughes Services International, Inc. (BHSI), alleging the company had paid over \$4 million in bribes, disguised as agency commissions, to officials of the Republic of Kazakhstan in exchange for oil construction contracts.⁶ BHSI pled guilty and was sentenced to pay a criminal fine of \$11 million. The parent company entered into a deferred prosecution agreement stipulating to the underlying facts.⁷ In addition, on April 26, 2007, Baker Hughes settled an SEC enforcement action alleging violations of the books and records and internal controls provisions of the FCPA and for violating a 2001 cease-and-desist order.⁸ The combined penalties totaled \$44.1 million, the largest penalty imposed in an FCPA enforcement matter to date.

4. *Omega Advisors*

On June 6, 2007, the DOJ announced a non-prosecution agreement with the hedge fund Omega Advisors, Inc., relating to Omega's investment in the privatization program in Azerbaijan.⁹ Omega acknowledged that one of its employees, Clayton Lewis, learned prior to the investment that co-investor Viktor Kozeny (see below) had entered into ar-

2. *Id.*

3. Press Release, U.S. Sec. & Exch. Comm'n, SEC Files Settled Enforcement Action Against the Dow Chemical Company for Foreign Corrupt Practices Act Violations, Litigation Release No. 20000 (Feb. 13, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20000.htm>.

4. Consent of Defendant Dow Chem. Co., at ¶ 2, SEC v. Dow Chem. Co., No. 1:07- cv-00336-RMU (D.D.C. Mar. 5, 2007).

5. Complaint at ¶ 2, SEC v. Dow Chem. Co., No. 1:07- cv-00336-RMU (D.D.C. Feb. 13, 2007).

6. Information at ¶ 23(a)-(k), United States v. Baker Hughes Servs. Int'l, Inc., No. 4:07-CR-00129 (S.D. Tex. Apr. 11, 2007).

7. Press Release, U.S. Dep't of Justice, Baker Hughes Subsidiary Pleads Guilty to Bribing Kazakh Official and Agrees to Pay \$11 Million Criminal Fine as Part of Largest Combined Sanction Ever Imposed in FCPA Case, Release No. 07-296 (Apr. 26, 2007), available at http://www.usdoj.gov/criminal/pr/press_releases/2007/04/CRM_07-296_baker_hughes_042607.pdf.

8. Press Release, U.S. Sec. & Exch. Comm'n, SEC Charges Baker Hughes With Foreign Bribery and With Violating 2001 Commission Cease-and-Desist Order, Litigation Release No. 20094 (Apr. 26, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20094.htm>.

9. Press Release, U.S. Att'y for S.D.N.Y., U.S. Announces Settlement with Hedge Fund Omega Advisors, Inc. in Connection with Omega's Investment in Privatization Program in Azerbaijan, Release No. 07-172 (July 6, 2007), available at <http://www.usdoj.gov/usao/nys/pressreleases/July07/omeganonprosp.pdf>.

rangements with Azeri government officials that gave those officials a financial interest in the privatization of certain industries. The agreement provided for a \$500,000 civil forfeiture and Omega's continued cooperation with the Government in exchange for an agreement not to prosecute Omega for any crimes (other than criminal tax violations) related to this investment.¹⁰

5. *Delta & Pine Land Company*

On July 25 and 26, 2007, the SEC filed two settled enforcement actions against Delta & Pine Land Co. and its subsidiary, Turk Deltapine, Inc., charging Turk Deltapine with payments totaling \$43,000 to officials of the Turkish Ministry of Agricultural and Rural Affairs.¹¹ Delta & Pine was charged with failing to keep accurate books and records and having failed to implement effective internal controls. The companies consented to a cease and desist order, which required Delta & Pine to retain an independent consultant to review its FCPA compliance procedures and to pay a \$300,000 penalty.¹²

6. *Paradigm B.V.*

On September 24, 2007, the Justice Department announced that it had entered into a non-prosecution agreement with Paradigm B.V., a Dutch company based in Houston that provides enterprise software to the global oil and gas industry.¹³ Paradigm admitted that it and its subsidiaries made or promised corrupt payments to officials of state-owned gas and oil companies to obtain business in Kazakhstan, Mexico, China, Indonesia, and Nigeria.¹⁴ Paradigm voluntarily disclosed its findings DOJ. In exchange for a promise not to prosecute Paradigm or its subsidiaries, Paradigm agreed to pay a \$1 million fine, to institute a compliance program with an outside monitor, and to cooperate with the government.¹⁵

7. *Bristow Group Inc.*

On September 26, 2007, the SEC announced the filing of a settled enforcement action against Bristow Group Inc., a Houston-based helicopter transportation and oil field services firm. Bristow is alleged to have improperly recorded at least \$423,000 in payments made to two Nigerian state government tax officials through a Nigerian affiliate in 2003 and 2004 in exchange for lowering the company's payroll taxes. Bristow consented to the entry of a cease and desist order.¹⁶

10. *Id.*

11. Press Release, U.S. Sec. & Exch. Comm'n, Delta & Pine and Turk Deltapine Agree to Pay a \$300,000 Penalty to Settle FCPA Charges, Litigation Release No. 20214 (July 26, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20214.htm>.

12. *Id.*

13. Press Release, U.S. Dep't of Justice, Paradigm B.V. Agrees to Pay \$1 Million Penalty to Resolve Foreign Bribery Issues in Multiple Countries, Release No. 07-751 (Sept. 24, 2007), available at http://www.usdoj.gov/opa/pr/2007/September/07_crm_751.html.

14. *Id.*

15. *Id.*

16. Press Release, U.S. Sec. & Exch. Comm'n, SEC Institutes Settled Enforcement Action Against Bristow Group for Improper Payments to Nigerian Government Officials and Other Violations, Release No. 2007-201 (Sept. 26, 2007), available at <http://www.sec.gov/news/press/2007/2007-201.htm>.

B. OIL FOR FOOD

The DOJ, SEC, and New York County District Attorney's Office resolved six Oil for Food cases in 2007.

1. *Humanitarian Services Cases*

In August, Textron entered into a non-prosecution agreement with the DOJ and consented to an injunction with the SEC in which Textron acknowledged that its subsidiaries had paid kickbacks to the Iraqi government to win contracts to supply industrial pumps equipment to Iraq under the Oil for Food program. Textron agreed to pay a criminal penalty of \$1.15 million, a civil penalty of \$800,000, and to disgorge \$2,735,040 in profits and pre-judgment interest.¹⁷

In October, York International entered into deferred prosecution agreements with the DOJ and consent orders with the SEC. York International, which admitted to corrupt payments to officials in Asia, Africa, Europe, and the Middle East in addition to the Oil for Food kickbacks, agreed to pay a \$10 million criminal penalty, a \$2 million civil penalty, and to retain an independent compliance monitor.¹⁸ York will also disgorge \$10,032,880 in profits and pre-judgment interest.¹⁹

Also in October, Ingersoll-Rand entered into a deferred prosecution agreement admitting that its subsidiaries made \$963,148 in kickback payments to the Hussein government and promised an additional \$544,697. It will disgorge \$2,370,987 in profits and pre-judgment interest, pay a civil penalty of \$1.95 million, and pay a criminal fine of \$2.5 million.²⁰

2. *Oil contract cases:*

In a joint settlement with the SEC, DOJ, and the New York County District Attorney's Office, Chevron Corporation agreed to disgorge \$20 million in profits pursuant to an agreement with the US Attorney's Office for the Southern District of New York, forfeit

17. See Final Judgment, SEC v. Textron Inc., No. 1:07-CV-1505 (D.D.C. Aug. 31, 2007).

18. Press Release, U.S. Dep't of Justice, Justice Department Agrees to Defer Prosecution of York International Corporation in Connection with Payment of Kickbacks Under the U.N. Oil for Food Program, Release No. 07-783 (Oct. 1, 2007), available at http://www.usdoj.gov/criminal/pr/press_releases/2007/10/10-01-07york-defer.pdf; see also Deferred Prosecution Agreement, *United States v. York Int'l Corp.*, No. 1:07-CR-00253 (D.D.C. Oct. 1, 2007).

19. Press Release, U.S. Sec. & Exch. Comm'n, SEC Files Settled Foreign Corrupt Practices Act Charges Against York International Corporation For Improper Payments to UAE Officials, to Iraq Under the U.N. Oil for Food Program, and to Others—Company Agrees to Pay Over \$12 Million and to Retain an Independent Compliance Monitor, Litigation Release No. 20319 (Oct. 1, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20319.htm>.

20. Press Release, U.S. Sec. & Exch. Comm'n, SEC Files Settled Books and Records and Internal Controls Charges Against Ingersoll-Rand Company Ltd. for Improper Payments to Iraq Under the U.N. Oil for Food Program—Company Agrees to Pay Over \$4.2 Million and to Make Certain Undertakings Regarding its Foreign Corrupt Practices Act Compliance Program, Litigation Release No. 20353 (Oct. 31, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20353.htm>. Notably, the charges in this case against the Italian subsidiary of Ingersoll-Rand included conspiracy to commit wire fraud and to violate the books and records provisions of the FCPA, a use of provisions other than the anti-bribery portions of the FCPA. Press Release, U.S. Dep't of Justice, Ingersoll-Rand Agrees to Pay \$2.5 Million Fine in Connection with Payment of Kickbacks Under the U.N. Oil for Food Program, Release No. 07-872 (Oct. 31, 2007), available at http://www.usdoj.gov/opa/pr/2007/October/07_crm_872.html.

an additional \$5 million pursuant to an agreement with New York County, pay a \$3 million civil fine to the SEC, and pay \$2 million in penalties to the Office of Foreign Asset Controls of the Department of the Treasury.²¹

Swiss oil trading firm Vitol SA pled guilty in New York State court to grand larceny in connection with its Oil for Food contracts and agreed to pay \$13 million in restitution and another \$4.5 million in lieu of fines, forfeiture, and to cover the cost of prosecution.²²

During trial in the Southern District of New York, Oscar Wyatt pled guilty to conspiring to commit wire fraud in connection kickbacks to the Iraqi government in exchange for Oil for Food contracts. Wyatt was sentenced to twelve months incarceration in November.²³

C. INDIVIDUAL PROSECUTIONS

In 2007, individual prosecutions were brought against three individuals in connection with companies that had previously settled cases with the DOJ and SEC:

In March, the SEC filed a settled complaint against Charles M. Martin, the former Government Affairs Director for Asia for Monsanto Company, relating to a bribe payment in Indonesia.²⁴ Martin agreed to pay a \$30,000 civil penalty.²⁵

In June, Si Chan Wooh, a former senior officer of SSI International, Inc., a subsidiary of Schnitzer Steel Industries, Inc., pled guilty to violating the FCPA and settled similar SEC charges in connection with payments officials in China.²⁶ Wooh will disgorge over \$15,000 in bonuses and prejudgment interest and pay a \$25,000 civil penalty.²⁷ He will be sentenced on the criminal charges on May 12, 2008.²⁸

21. See Final Judgment as to Def. Chevron Corp., SEC v. Chevron Corp., No. 1:07-CV-10299-SHS (Nov. 20, 2007); see also Press Release, U.S. Att'y for S.D.N.Y., Chevron Corporation Agrees to Pay \$30 Million in Oil-for-Food Settlement, Release No. 07-280 (Nov. 14, 2007), available at <http://www.usdoj.gov/usao/nys/pressreleases/November07/chevronagreementpr.pdf>.

22. Press Release, N.Y. Cty. Dist. Att'y (Nov. 20, 2007), available at <http://manhattanda.org/whatsnew/press/2007-11-20.shtml>.

23. Press Release, U.S. Att'y for S.D.N.Y., Texas Oilman Sentenced to One Year in Prison for Conspiring to Make Illegal Payments to the Former Government of Iraq, Release No. 07-286 (Nov. 27, 2007), available at <http://www.usdoj.gov/usao/nys/pressreleases/November07/wyattsentencingpr.pdf>. Wyatt paid the kickbacks to secure contracts for Coastal Oil & Gas, which was later acquired by El Paso Corporation, who settled Oil for Food allegations in 2006. *Id.*

24. Complaint, SEC v. Martin, No. 1:07-CV-434 (D.D.C. Mar. 6, 2007).

25. Consent, SEC v. Martin, No. 1:07-CV-434 (D.D.C. Mar. 8, 2007). In 2005, Monsanto entered into a deferred prosecution agreement with the DOJ and settled an enforcement action with the SEC based in part on the same allegations. Press Release, U.S. Dep't of Justice, Monsanto Company Charged with Bribing Indonesian Government Official: Prosecution Deferred for Three Years, Release No. 05-008 (Jan. 6, 2005), available at http://www.usdoj.gov/opa/pr/2005/January/05_crm_008.htm.

26. SSI had previously pled guilty to violating the FCPA, and Schnitzer Steel had both entered into a deferred prosecution agreement and settled SEC charges in connection with the same conduct. Press Release, U.S. Sec. & Exch. Comm'n, SEC Settles Charges Against Former Portland Steel Executive for Anti-Bribery Statute Violations, Litigation Release No. 20174 (June 29, 2007), available at <http://www.sec.gov/litigation/litleases/2007/lr20174.htm>.

27. *Id.*

28. Docket Entry No. 14, United States v. Wooh, No. 3:07-CR-244 (D. Or. Jan. 7, 2008).

In September, the SEC filed a settled complaint against Monty Fu, founder and former CEO and Chairman of Syncor International Corp. Fu agreed to pay a civil penalty of \$75,000.²⁹

1. *Frederick Bourke and David Pinkerton*

In 2005, Viktor Kozeny, Frederic Bourke Jr., and David Pinkerton were indicted for FCPA and Travel Act violations in connection with an alleged scheme to acquire controlling interests in SOCAR, the Azeri national oil company. On June 21, 2007, the district court granted Bourke's and Pinkerton's motions to dismiss the FCPA counts, finding that the government had failed to file a motion to stay the statute of limitations within the limitations period. It, however, subsequently granted reconsideration as to three of the counts on July 16, 2007.³⁰ The government has appealed the dismissal of the remaining counts.³¹ Kozeny is contesting extradition from the Bahamas and has not yet appeared in the US.³²

2. *James Giffen*

On December 8, 2006, the Second Circuit Court of Appeals dismissed the government's interlocutory appeal in the case of James Giffen, the U.S. citizen indicted in 2003 for allegedly paying more than \$80 million in bribes to Kazakh officials for oil and gas deals.³³ The government had appealed the district court's July 2004 order compelling the government to produce classified documents Giffen had sought in order to support an alleged public authority defense. Although the Court found the government's appeal premature, it voiced significant concern over the district court's misapplication of the public authority defense and suggested in dicta that none of the information contained in the district court order would, in fact, support a properly construed public authority defense.³⁴ In a separate proceeding, on May 3, 2007, DOJ filed a civil forfeiture action for approximately \$84 million in proceeds allegedly traceable to bribery and wire fraud in the case and agreed to transfer those proceeds to a World Bank trust fund for use on projects in Kazakhstan.³⁵

29. Complaint, SEC v. Fu, No. 07-CV-1735 (D.D.C. Sept. 27, 2007). In 2002, Syncor Taiwan pled guilty to violating the FCPA Minutes of Arraignment and Plea Hearing. *United States v. Syncor Taiwan, Inc.*, No. 2:02-CR-01244-SVW (C.D. Cal. Dec. 10, 2002). Syncor International settled an SEC action in connection with the same conduct. Press Release, U.S. Sec. & Exch. Comm'n, SEC Files Settled Books and Records and Internal Accounting Controls Charges Against Former Chairman of Syncor International Corp., Litigation Release No. 20310 (Sept. 28, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20310.htm>.

30. See *United States v. Kozeny*, 493 F.Supp. 2d 693 (S.D.N.Y. 2007).

31. Endorsed Letter, *United States v. Kozeny*, No. 05-CR-518 (S.D.N.Y. Aug. 14, 2007).

32. See *Bahamas Court Ruled Not to Extradite Czech-Born Kozeny to USA*, CZECH NEWS AGENCY, Oct. 25, 2007.

33. *United States v. Giffen*, 473 F.3d 30 (2d Cir. 2006).

34. *Id.*

35. Press Release, U.S. Att'y for S.D.N.Y., Government Files Civil Forfeiture Action Against \$84 Million Allegedly Traceable to Illegal Payments and Agrees to Conditional Release of Funds to Foundation to Benefit Poor Children in Kazakhstan, Release No. 07-108 (May 3, 2007), available at <http://www.usdoj.gov/usao/nys/pressreleases/May07/pictetforfeiturecomplaintpr.pdf>.

3. *William J. Jefferson*

On June 4, 2007, Congressman William J. Jefferson was indicted on various corruption charges, including violating the FCPA by offering, promising, and making payments to a Nigerian official. The indictment alleges that Jefferson met with the Nigerian official in Maryland in July 2005 and offered him a bribe to use his position to help get business commitments for business ventures in which Jefferson or his family had a financial interest.³⁶ Jefferson has pled not guilty and is awaiting trial in February 2008.³⁷

4. *Christian Sapsizian*

On June 7, 2007, Christian Sapsizian, a former Alcatel executive, pled guilty to conspiracy and a substantive FCPA count in connection with making \$2.5 million in corrupt payments to Costa Rican officials to obtain a mobile telephone contract.³⁸ The government asserted jurisdiction based on ten wire transfers from Alcatel's New York bank account to the consulting firm that served as the conduit for the bribes.³⁹ Sapsizian agreed to cooperate with the DOJ and with foreign authorities and to forfeit \$261,500.⁴⁰ He will be sentenced in June 2008.⁴¹

5. *Leo Winston Smith*

On June 18, 2007, the FBI arrested Leo Winston Smith, former executive at Pacific Consolidated Industries LP, for allegedly conspiring to bribe and bribing a U.K. Ministry of Defense official in order to obtain a Royal Air Force contract.⁴² Smith's trial is set for April 2008.⁴³ UK authorities have already prosecuted the Ministry of Defense official, who was sentenced to two years in jail.⁴⁴

36. Press Release, U.S. Dep't of Justice, Congressman William Jefferson Indicted on Bribery, Racketeering, Money Laundering, Obstruction of Justice, and Related Charges, Release No. 07-402 (June 4, 2007), available at http://www.usdoj.gov/opa/pr/2007/June/07_crm_402.html.

37. Motion Hearing, *United States v. Jefferson*, No. 1:07-00209-TSE-1 (E.D. Va. Dec. 14, 2007).

38. Press Release, U.S. Dep't of Justice, Former Alcatel Executive Pleads Guilty to Participation in Payment of \$2.5 Million in Bribes to Senior Costa Rican Officials to Obtain a Mobile Telephone Contract, Release No. 07-411 (June 7, 2007), available at http://www.usdoj.gov/opa/pr/2007/June/07_crm_411.html.

39. See Indictment Count 1 ¶ 5, *United States v. Sapsizian*, No. 1:06-CR-20797-PAS-1 (S.D. Fla. Dec. 20, 2006).

40. See Plea Agreement ¶ 2, *United States v. Sapsizian*, No. 1:06-CR-20797-PAS-1 (S.D. Fla. June 11, 2007).

41. Order Continuing Sentencing Hearing, *United States v. Sapsizian*, No. 1:06-CR-20797-PAS-1 (S.D. Fla. Dec. 4, 2007).

42. See Press Release, U.S. Dep't of Justice, Former Pacific Consolidated Industries LP Executive Arrested for Conspiring to Bribe U.K. Ministry of Defence Official, Release No. 07-445 (June 22, 2007), available at http://www.usdoj.gov/opa/pr/2007/June/07_crm_445.html.

43. Order Continuing Trial Date and Finding Excludable Time Periods Under Speedy Trial Act, *United States v. Smith*, No. 8:07-CR-0069-AG (C.D. Cal. Aug. 13, 2007).

44. *Senior MoD Jailed for Taking Bribes from U.S. Arms Dealer*, U.K. DAILY MAIL, Apr. 16, 2007, available at http://www.dailymail.co.uk/pages/live/articles/news/news.html?in_article_id=448968.

6. *Jason Edward Steph*

In November 2007, Jason Edward Steph, a U.S. citizen, pled guilty to conspiring to pay over \$6 million to Nigerian officials to obtain and retain gas pipeline construction business from a joint venture majority-owned and controlled by the Nigerian state oil company while general manager of Willbros International, Inc.'s on-shore operations in Nigeria.⁴⁵ Steph has pled guilty and is scheduled to be sentenced in June 2008.⁴⁶

7. *Stephen J. Ott and Roger M. Young*

On July 25, 2007, Stephen J. Ott and Roger M. Young, former executives of ITXC Corporation, pled guilty to conspiring to violate the FCPA.⁴⁷ They are to be sentenced on April 7, 2008.⁴⁸ Ott, ITXC's former Executive Vice President of Global Sales, and Young, its Managing Director in the sales department for Africa and the Middle East, admitted to conspiring to make corrupt payments to employees of foreign state-owned telecommunications carriers in Nigeria, Rwanda, and Senegal in order to obtain and retain contracts. The bribes alleged total \$266,000.⁴⁹

8. *Chandramowli Srinivasan*

On September 25, 2007, Chandramowli Srinivasan, former President of A.T. Kearney India, a subsidiary of Electronic Data Systems Corporation, settled an SEC complaint in connection with \$720,000 in bribes paid to officials of state-owned energy companies in India. Srinivasan consented to the entry of an injunction and a \$70,000 penalty.⁵⁰

III. Enforcement Actions Abroad

A. CASES

1. *Argentina*

Swedish construction firm Skanska is alleged to have paid bribes of up to \$4.5 million to win a contract to expand a natural gas pipeline. Judges are investigating allegations of tax evasion and bribery of Argentine government officials, using money from over-billing the

45. See Press Release, U.S. Dep't of Justice, Former Executive of Willbros Subsidiary Pleads Guilty to Conspiring to Bribe Nigerian Government Officials, Release No. 07-885 (Nov. 5, 2007), available at http://www.usdoj.gov/opa/pr/2007/November/07_crm_885.html. The Nigerian Action Congress has called for an investigation into facts of the Steph plea. *Willbros Bribery—AC Calls for Full Disclosure*, THIS DAY (Nigeria), Nov. 8, 2007.

46. See Plea Agreement, United States v. Steph, No. 4:07-CR-307 (S.D. Tex. Nov. 5, 2007); see also Order, *United States v. Steph*, No. 4:07-CR-307 (S.D. Tex. Nov. 21, 2007).

47. Press Release, U.S. Dep't of Justice, Two Former Executives of Itxc Corp Plead Guilty and Former Regional Director Sentenced in Foreign Bribery Scheme, Release No. 07-556 (July 27, 2007), available at http://www.usdoj.gov/opa/pr/2007/July/07_crm_556.html.

48. Order, United States v. Ott, No. 3:07-CR-608 (D.N.J. Jan. 4, 2008).

49. Press Release, U.S. Dep't of Justice, *supra* note 42.

50. See Press Release, U.S. Sec. & Exch. Comm'n, Former President of EDS's Indian Subsidiary Settles SEC Injunctive Action Relating to Violations of the Foreign Corrupt Practices Act, Litigation Release No. 20296 (Sept. 25, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr20296.htm>.

project. Seven former Skanska employees were arrested in May, and the head of the Argentine natural gas regulatory agency and a state bank official have been fired.⁵¹

2. *Austria*

Austria's ruling party pledged to cancel its contract to purchase eighteen Eurofighter Typhoon jets due to evidence of questionable payments by a lobbyist to a company controlled by the wife of the head of the Austrian air force, but the contract stated that while Eurofighter Ltd. could not engage in bribery, any evidence of third-party questionable activity would not be cause for contract cancellation.⁵²

3. *Australia*

In 2006, an independent governmental commission cleared the Australian government of any wrongdoing surrounding the Australian Wheat Board (AWB) and the United Nations Oil for Food Program but recommended that eleven former AWB executives be considered for prosecution. In May 2007, the Australian government rejected the recommendations, but the Australian police are assessing information contained in the commission's report that AWB may have also bribed officials in Indonesia, Pakistan, and Yemen.⁵³

In 2006, Woodside Petroleum reported that it was cooperating with a police investigation into allegations that it bribed a Mauritanian government official to secure a lucrative oil deal. In May 2007, an Australian senator requested that the investigation be broadened to include allegations that Woodside used a government official to assist the company while negotiating an oil contract.⁵⁴

4. *Brazil*

In August 2007, the Brazilian Supreme Court indicted forty Brazilian officials and lobbyists in a money-for-votes scandal. The indictments follow a two-year congressional investigation and aggressive reporting by the Brazilian media.⁵⁵

5. *China:*

In July 2007, China executed the former head of the State Food and Drug Administration, Zheng Xiayou, for approving untested medicine in exchange for cash. The pharmaceutical registration department director, Cao Wenzhuang, also received the death sentence with a two-year reprieve.⁵⁶

51. *Argentina Fires Two in Tax Evasion, Bribery Probe*, REUTERS LIMITED, May 17, 2007.

52. *Country Report, Austria*, ECONOMIST INTELLIGENCE UNIT, Aug. 2007.

53. *AWB Aftermath: No Jail for Sanction*, CANBERRA TIMES, May 4, 2007; Caroline Overington, *Terrorism Query Over AWB Cash*, AUSTRALIAN, Mar. 14, 2007; see also AFP, Nov. 27, 2006.

54. Richard Baker, *AFP Asked to Widen Woodside Probe*, AGE (Australia), May 3, 2007, at A2; Ben Sharples, *Petronas Snaps Up Oil Play*, COURIER MAIL (Australia), Sept. 28, 2007, at 40.

55. Mac Margolis, *Brazil Cries "Enough!" Against All Odds, The Country that Beat Hyperinflation Targets Another Old Scourge: Official Corruption*, NEWSWEEK, Sept. 24, 2007.

56. Alexa Olesen, *China Ex-Food and Drug Chief Executed*, ASSOCIATED PRESS, July 10, 2007.

6. *Germany*

German prosecutors continue to investigate allegations of bribes at Volkswagen and have secured two convictions. A third individual, charged with using company funds to obtain prostitutes for labor leaders in return for favorable votes, has been charged but has not yet stood trial.⁵⁷

German authorities are investigating Thyssen Krupp for allegations of bribery surrounding the sale of warships to South Africa. Thyssen was part of a consortium that allegedly paid approximately \$25 million in kickbacks, including \$3 million to "Chippy" Shaik, the head of procurement at the South African Ministry of Defense at the time the contract was signed.⁵⁸

A German commercial court judge filed criminal charges in August against Fraport AG, alleging that the company bribed Philippine officials to obtain approvals during the construction of Ninoy Aquino International Airport's Terminal 3.⁵⁹

7. *Ghana*

The Ghana Commission for Human Rights and Administrative Justice is studying allegations made by a former employee of Scancem, a Norwegian cement company, that he paid bribes to former President Jerry Rawlings and his associates to ensure Scancem's continued monopoly over cement production and distribution.⁶⁰

8. *India*

Indian authorities are investigating Dow Chemical Company (Dow) subsidiary DE-Nocil Crop Protection Limited (DE-Nocil) for allegations that DE-Nocil paid over \$32,000 to an Indian agriculture ministry official to expedite product registration from 1996 to 2001. In February, Dow agreed to pay a civil penalty of \$325,000 to the SEC for violations of the books and records and internal controls provisions of the FCPA in connection with the improper payments made by DE-Nocil.⁶¹

Argentina rejected a request by Indian authorities to extradite Italian Ottavio Quattrocchi on bribery charges regarding a 1986 artillery contract. Quattrocchi was arrested in Argentina in February 2007 but was permitted to leave in August after India reportedly

57. *Volkswagen Office Searched by Police, Prosecutors on Bribery Suspicion*, AFX INTERNATIONAL FOCUS, May 10, 2007; Michael Woodhead, *Dirty Rotten Business*, SUNDAY TIMES UK, Jan. 28, 2007, at 5; Allan Hall, *MP's Sex, Bribes and VW—Carmaker Embroiled in Scandal*, DAILY TELEGRAPH, June 1, 2007, at 23; *Ex-Lawmaker Guilty of Perjury in Volkswagen Case*, INT'L HERALD TRIB., June 15, 2007, at 12.

58. Wyndham Hartley, *German Firm Probed in SA Arms Payoffs*, BUS. DAY, Aug. 27, 2007; Stefaans Brummer et al., *Arms: Germans Squeeze Mbeki*, WORLD NEWS CONNECTION, Oct. 6, 2007. South African prosecutors have decided not to pursue investigations into the allegations. The Democratic Alliance is protesting the decision. Ernest Mabuza, *Public Protector Looks into DA Plea for Chippy Shaik Probe*, BUS. DAY (South Africa), Mar. 19, 2007, at 3; Press Release, Democratic Alliance, *DA Slams NPA Refusal to Prosecute Chippy Shaik* (Aug. 2, 2007).

59. *Fraport Bribed Govt Execs, Says Judge*, MANILA TIMES, Oct. 8, 2007.

60. Kofi Agyepong, *Rights and Justice Commission to Investigate Cement Bribery Allegation*, ACCRA MAIL (Ghana), Aug. 1, 2007.

61. Rakesh K. Singh, *Indian Probe Agency Conducts Raids on Dow Subsidiary for Allegedly Paying Bribes*, WORLD NEWS CONNECTION, Aug. 22, 2007; SEC Litigation Release No. 20000 (Feb. 13, 2007), available at <http://www.sec.gov/litigation/litreleases/2007/lr200000.htm>.

withdrew its appeal of the court's decision. India's Supreme Court has asked for a copy of the court order rejecting the extradition request.⁶²

9. *Israel*

Israel's Attorney General ordered a criminal investigation into allegations that Prime Minister Ehud Olmert purchased a home for less than market value in exchange for helping the developer obtain construction permits. Investigators are also reviewing allegations of corruption by Olmert when he was finance minister.⁶³

Israeli police completed an investigation of Knesset House Committee Chairperson Ruhama Avraham for receiving bribes and other crimes relating to a 2005 trip overseas, funded by Agrexco Agricultural Export Company.⁶⁴

10. *Italy*

In January 2007, Immucor Inc. settled charges that its Italian subsidiary, Immucor Italy, made improper payments to an Italian physician. Immucor Italy is required to pay \$122,000 in fines and penalties and restitution to a hospital where the doctor worked. Charges against Dr. Gioacchino De Chirico, president and CEO of Immucor Inc., are pending in Italy. On September 28, 2007, De Chirico settled related charges with the SEC for \$30,000.⁶⁵

11. *Korea*

Prosecutions of automaker Hyundai for bribery and corruption continued in 2007. Eight people were sentenced on charges of bribery, including a former vice governor of the Korea Development Bank. The court acquitted a former finance ministry official. Prosecutors have filed an appeal with the Supreme Court of a lower court ruling to suspend a three-year jail sentence imposed on Hyundai Motor Group Chairman Chung Mong-koo.⁶⁶

The Busan District Prosecutors' Office arrested former presidential protocol secretary Jeong Yun-jae on bribery and influence-peddling charges for facilitating the bribe of a business man to avoid a tax audit. The business man has admitted to the bribes, and the tax official has also been arrested.⁶⁷

62. *Argentina Rejects India's Request to Extradite Bofors Bribery Suspect*, DEUTSCHE PRESSE-AGENTUR, June 9, 2007; *CBI Asked to File Argentine Court's Order on Quattrocchi*, INDO-ASIAN NEWS SERVICE, Aug. 20, 2007.

63. Josef Federman, *Attorney General Orders Criminal Investigation into Olmert's Purchase of Jerusalem Home*, AP ALERT-FIN., Sept. 24, 2007; *Israel Orders Olmert Corruption Probe*, AGENCE FRANCE PRESSE, Sept. 24, 2007.

64. Noam Sharvit, *Police Question MK Avraham in Agrexco Affair*, ISRAEL BUS. ARENA, Jan. 31, 2007; Noam Sharvit, *Police: Suspicion of Bribery Against MK Avraham "Borderline"*, GLOBES ONLINE, Mar. 8, 2007.

65. Press Release, Immucor, Inc., Immucor Settles Charges in Italy (Jan. 24, 2007), available at, http://www.immucor.com/site/irm_press_release_detail.jsp?releaseId=115

66. *Seven People Given Jail Sentences over Hyundai Motor Kickbacks*, AGENCE FRANCE PRESSE, Jan. 29, 2007; *South Korean Prosecutors Appeal to Highest Court over Hyundai Motor Chairman Case*, YONHAP NEWS AGENCY OF KOREA, Sept. 11, 2007.

67. *S Korea Ex-Aide Charged with Bribery*, TIME, Oct. 18, 2007; *Prosecutors Seek Arrest Warrant Again for Rob's Former Aide*, KOREA TIMES, Sept. 27, 2007; *Prosecutors Say Jeong Yun-jae Received 20 Million Won*,

12. *Norway*

The Norwegian Parliament is investigating allegations that Hydro Aluminum, the state-owned aluminum producer listed on the New York Stock Exchange, may have engaged in corruption in Tajikistan. Hydro Aluminum is allegedly using a company, Talco Management Limited (TML), 30-percent owned by wealthy Tajiks, as an intermediary in its purchase of Tajik aluminum. The World Bank and others have called for greater transparency in TML's finances.⁶⁸

Norwegian company StatoilHydro acknowledged in October that it was conducting an external investigation of the authorization of over \$7 million in questionable payments in Libya in 2000 and 2001. The investigation arose out of the merger of Statoil and Norsk Hydro. StatoilHydro has notified both Norwegian and U.S. authorities of the investigation.⁶⁹

13. *Philippines*

The Philippine Senate is investigating bribery allegations surrounding a \$330 million contract between the government and ZTE Corporation of China to build a national broadband network, including allegations that elections commissioner Benjamin Abalos offered bribes to facilitate approval of the project and to fix bids and allegations that President Arroyo's husband threatened bidders. Abalos resigned his position as Chief of the Commission on Elections, and President Arroyo announced her decision to cancel the contract in October.⁷⁰

President Arroyo pardoned former President Joseph Estrada just one month after he was found guilty of plunder and sentenced to life in prison in 2007 and ordered to forfeit over \$15 million in assets. The court acquitted Estrada of a separate perjury charge; his son and lawyer, who were also accused, were found innocent.⁷¹

14. *Thailand*

Authorities froze former Prime Minister Thaksin Shinawatra's assets for abuse of power during his tenure. Thaksin and his wife have been formally charged with violation of Thai anti-corruption laws. The Supreme Court suspended the trial until Thaksin, currently in Britain, appears in court.⁷²

WORLD NEWS CONNECTION, Sept. 21, 2007; *Kang Shin-woo Warrant Sought for Rob's Ex-Aide*, KOREA TIMES, Sept. 19, 2007.

68. John Helmer, *Hydro Aluminum in Trouble over Tajikistan Corruption Concerns*, MINEWEB, Nov. 12, 2007, <http://www.mineweb.com/mineweb/view/mineweb/en/page36?oid=39571&sn=Detail>.

69. Deb Kelly, *Statoil, Hydro Complete Merger, Commence Libyan Bribery Probe*, INT'L OIL DAILY, Oct. 2, 2007.

70. Roel Landingin, *Manila Officials Trade Bribe Slurs*, FIN. TIMES ASIA, Sept. 27, 2007, at 8; *Philippine Elections Chief Resigns over Bribery Allegations*, THAI NEWS SERVICE, Oct. 2, 2007.

71. Paul Alexander, *Philippine President Pardons Ousted Predecessor of Corruption Charges*, AP DATASTREAM, Oct. 25, 2007; Roel Landingin, *Former Philippines President Jailed for Life*, FIN. TIMES, Sept. 12, 2007; Sol Vanzi & Paul Watson, *Ex Philippine President Convicted of Taking Bribes*, L.A. TIMES, Sept. 12, 2007, 4; *Philippine Palace Denies Pardon Offer to Former President*, BBC INTERNATIONAL REPORTS (Asia), Sept. 27, 2007.

72. *Thailand Freezes Ex-Premier's Assets*, DPA INT'L SERVICES, June 11, 2007; *Thai Prosecutors File Criminal Corruption Charges Against Ex-PM Thaksin*, AFX ASIA FOCUS, June 21, 2007; *Thai High Court Suspends Ex-PM's Trial*, Associated Press, Sept. 25, 2007.

Other cases currently under investigation in Thailand include alleged corruption surrounding the 2003 purchase of rubber saplings and alleged corruption in connection with the purchase of CTX baggage scanners and the installation of an electrical cable system at Bangkok's Suvarnabhumi airport. Thai authorities have obtained documents from U.S. authorities as part of their investigation into the purchase of the CTX scanners from GE InVision.⁷³

15. *United Kingdom*

The Serious Fraud Office (SFO), in cooperation with a specialized unit of the City of London Police, is investigating thirteen cases of overseas corruption and is considering an additional eighteen allegations for possible investigation, as of April 4, 2007.⁷⁴

The SFO has also initiated a formal investigation into allegations that British firms paid kickbacks under the UN Oil-for-Food program. The SFO investigation will be supported by as many as sixty investigators and is expected to cost £22 million.⁷⁵

16. *Multiple Jurisdictions*

Austria, the Czech Republic, Hungary, Sweden, Switzerland, the United States, and the U.K. reportedly are investigating bribery allegations in connection with BAE. In December 2006, the SFO announced the director's decision to discontinue its investigation into alleged bribes paid by BAE to Saudi Arabian officials, citing the need to safeguard national security.⁷⁶ At the end of the year, however, the U.K. High Court granted leave to seek judicial review of the decision to terminate the investigation into two civil society organizations.⁷⁷ The SFO investigation into allegations of corruption by BAE officials in Chile, the Czech Republic, Romania, Qatar, South Africa, and Tanzania continues.⁷⁸ Officials from Sweden, Austria, the Czech Republic, Switzerland, and the UK reportedly met in early May to discuss the coordination of their respective inquiries.⁷⁹

Germany's investigation of bribery allegations at the communications division of German engineering giant Siemens resulted in a €201 million fine. Siemens, however, remains under investigation by prosecutors in China, Japan, Italy, Liechtenstein, Switzerland, Greece, Nigeria, and the United States for over an estimated €1.6 billion in

73. *Investigations Move Forward into Alleged Corruption Under Ousted Thai Government*, AP WORLDSTREAM, Jan. 15, 2007; *Thai Assets Panel Reportedly Gets Important Evidence on Airport Scanners from US*, WORLD NEWS CONNECTION, July 13, 2007; *Seven Corruption Cases to be Sent to Prosecutors in Nov.*, WORLD NEWS CONNECTION, Oct. 4, 2007.

74. Serious Fraud Office, *Annual Report 2006-2007*, available at http://www.sfo.gov.uk/publications/annual_2007.asp.

75. *UK Firms are Focus of 'Bribes' Inquiry*, ABERDEEN PRESS & J., Feb. 15, 2007, at 5.

76. Press Release, Serious Fraud Office, BAE Systems Plc/Saudi Arabia (DecemberDec. 14, 2006), available at <http://www.sfo.gov.uk/news/prout/pr+497.asp?id=497>.

77. Press Release, CAAT and The Corner House Win Landmark Ruling on BAE-Saudi Corruption Case (Nov. 9, 2007), available at <http://www.thecornerhouse.org.uk/item.shtml?x=558414>.

78. *Id.*

79. Nicola Clark, *Swiss Confirm BAE Investigation*, INT'L HERALD TRIB., May 15, 2007, at 8; *Hungary to Probe Gripen Fighter Contracts from BAE-Saab*, AGENCE FRANCE PRESSE, June 18, 2007; *Swedish Says Scandal over Purchase of Fighter Jets Possibly Involves Hungary*, BBC INT'L REPS., June 8, 2007; *Swedish Anti-Graft Unit to Probe Alleged Bribery in South African Arms Deal*, BBC INT'L REPS., Feb. 23, 2007.

unaccounted-for expenditures since the early 1990s. Analysts say that Siemens may face more than €1 billion in fines.⁸⁰

Total's CEO, Christophe de Margerie, is under investigation by the French government on suspicion of paying bribes to win a large gas project in Iran. Total invested \$2 billion in the project. In December 2006, the Swiss prosecutor in Lausanne responded to requests for information on the case from the French investigative magistrate. In April 2007, the DOJ and the SEC reportedly opened an investigation into Total's activities in Iran and Iraq.⁸¹

B. ANTI-CORRUPTION EFFORTS

1. *Australia*

In response to the Cole Commission's report on the UN Oil-for-Food Program, the Australian government passed new legislation that makes it a strict liability crime to provide false or misleading information in connection with the administration of UN Security Council sanctions, clarifies that the charge of bribing a foreign public official includes unsuccessful bribes and disallows tax deductions for certain payments to foreign governments.⁸²

2. *China*

Beijing initiated a campaign against corruption in the medical equipment industry. The Chinese Ministry of Health is implementing new rules prohibiting pharmaceutical companies from "engaging with local medical institutions."⁸³ China also recently established the National Bureau of Corruption Prevention, tasked with creating guidelines on corruption prevention, assisting trade organizations develop self-monitoring system, publishing policies aimed at preventing commercial bribery, and initiating publicity campaigns against corruption.⁸⁴

3. *Czech Republic*

The Czech government proposed legislation that would include tougher sentences for corruption and would create a public list naming the offending firms.⁸⁵

80. Mike Esterl & David Crawford, *Siemens Calls More Transactions Suspicious*, WALL ST. J., Sept. 27, 2007, at A3; Simon Thiel, *Embattled Siemens Hires General Counsel*, INT'L HERALD TRIB., Sept. 20, 2007, at 17; Richard Milne, *Siemens Hit with \$201 Million Fine*, FIN. TIMES LIMITED, Oct. 5, 2007, at 17.

81. Craig S. Smith, *Bribery Accusations Follow New Total Chief*, INT'L HERALD TRIB., Mar. 27, 2007, at 11; Carola Hoyos et. al., *US to Quiz Total Chief in Bribe Probe*, FIN. TIMES LIMITED, Apr. 4, 2007, at 6.

82. Senate Standing Committee on Legal and Constitutional Affairs Senate International Trade Integrity Bill 2007 [Provisions] (Austl.), available at, http://www.aph.gov.au/senate/committee/bgcon_clte/international_trade/report/report.pdf.

83. *New Corruption Prevention Body Eyes NGOs, Companies*, CHINA DAILY, Sept. 19, 2007, available at http://www.chinadaily.com.cn/china/2007-09/19/content_6117751.htm.

84. *Id.*

85. Jan Velinger, *Government Aims to Streamline Legislation in Fight Against Corruption*, Radio Praha, June 19, 2007, <http://www.radio.cz/pdf/pdf?articleid=92556>.

4. *Greece*

In February 2007, the Greek cabinet adopted legislation to establish tougher penalties for private sector corruption, bringing Greece closer to other EU member states.⁸⁶

5. *Philippines*

President Arroyo announced the creation of a Procurement Transparency Group (PTG) to monitor transparency and good governance in public investments.⁸⁷ The group will be comprised of members of various government departments, local government, and civil society. The PTG announcement followed earlier calls by the World Bank, the Asian Development Bank, and the Transparency and Accountability Network for the Philippines to strengthen its efforts to increase transparency and deter corruption in public procurement.⁸⁸

6. *Thailand*

The Thai Cabinet approved legislation that would allow freezing or confiscation of assets in corruption cases.⁸⁹ The National Legislative Assembly is considering bills to ease the National Counter Corruption Commission's workload and empower government agencies to deal directly with corruption.⁹⁰

7. *United Kingdom*

In March 2007, the U.K. abandoned its draft 2003 Corruption Bill due to "significant and influential opposition." The government referred the matter to the Law Commission for a review that is expected to last eighteen months. A Corruption Bill, drafted by the UK Chapter of Transparency International and scheduled for a second reading in the House of Commons in October, was never read and has now expired.⁹¹

86. Rachna Uppal, *Government Adopts Draft Legislation to Fight Corruption in Greek Private Sector*, GLOBAL INSIGHT, Feb. 28, 2007.

87. *Philippines Forms Procurement Watch Body for Transparency, Fight Corruption*, BBC INT'L REPORTS (Asia), Sept. 14, 2007.

88. *Id.*

89. Thai Press Reports, *Thailand: Thailand Approves Tougher International Assets Legislation*, FIN. TIMES LIMITED, Aug. 23, 2007; Thai News Service, *Thailand: National Legislative Assembly to Deliberate 4 Bills Empowering New Anti-Corruption Measures*, THAI NEWS SERVICE, Sept. 20, 2007.

90. *Id.*

91. Jimmy Burns & Michael Peel, *Long-Awaited Corruption Law Reforms to be Shelved Again*, FIN. TIMES UK, Mar. 6, 2007, available at 2007 WLNR 4269146; Press Release, Transparency International, *Reform of UK Corruption Law—Statement by Transparency International (UK)* (Mar. 15, 2007), available at <http://www.transparency.org.uk/pressstatements>.

IV. International Anti-Corruption Treaties and Public International Organizations

A. MUTUAL EVALUATION MECHANISMS

In 2007, the OECD Working Group on Bribery (WGB) issued reviews of implementation of the Anti-Bribery Convention in Chile,⁹² Greece,⁹³ Ireland,⁹⁴ Italy,⁹⁵ Japan, Korea, Mexico, Norway,⁹⁶ Poland,⁹⁷ Portugal,⁹⁸ Slovenia,⁹⁹ Switzerland,¹⁰⁰ and the U.K.¹⁰¹ The

92. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, CHILE: PHASE 2—REPORT ON THE APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/38/10/39540391.pdf>. The WGB expressed serious concerns regarding Chile's compliance with the Convention and recommended that Chile take immediate steps to amend its laws.

93. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, GREECE: PHASE 2—FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE PHASE 2 RECOMMENDATIONS—APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/46/61/39509775.pdf>.

94. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, IRELAND: PHASE 2—REPORT ON THE APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/27/45/38322693.pdf>.

95. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, ITALY: PHASE 2—FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE PHASE 2 RECOMMENDATIONS—APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (1997), <http://www.oecd.org/dataoecd/35/36/38313133.pdf>.

96. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, NORWAY: PHASE 2—FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE PHASE 2 RECOMMENDATIONS—APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (1997), <http://www.oecd.org/dataoecd/35/26/38284036.pdf>.

97. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, POLAND: PHASE 2—REPORT ON THE APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/3/54/38030514.pdf>.

98. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, PORTUGAL: PHASE 2—REPORT ON THE APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/28/24/38320110.pdf>.

99. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, SLOVENIA: PHASE 2—REPORT ON THE APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (2007), <http://www.oecd.org/dataoecd/14/59/38883195.pdf>.

100. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, SWITZERLAND: PHASE 2—FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE PHASE 2 RECOMMENDATIONS—APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (1997), <http://www.oecd.org/dataoecd/7/60/38898790.pdf>.

WGB expressed serious concerns regarding the U.K.'s decision to drop the BAE investigation and failure to adopt modern anticorruption legislation.¹⁰² The WGB decided to have a supplementary review of the U.K. as a result. The states parties to the Convention also marked its ten-year anniversary with a high-level meeting in Rome, Italy, in November. South Africa also became a state party to the Convention in 2007.

The Group of States Against Corruption (GRECO) launched its third evaluation round in 2007 and published reports on Montenegro,¹⁰³ Georgia,¹⁰⁴ Bosnia and Herzegovina,¹⁰⁵ Andorra,¹⁰⁶ and Ukraine.¹⁰⁷ Italy, Russia, and Monaco joined GRECO in 2007.

The Committee of Experts for the Inter-American Convention Against Corruption (MESICIC) issued second-round reports on Argentina,¹⁰⁸ Paraguay,¹⁰⁹ Nicaragua,¹¹⁰

101. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, UNITED KINGDOM: PHASE 2—FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE PHASE 2 RECOMMENDATIONS —APPLICATION OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS AND THE 1997 REVISED RECOMMENDATION ON COMBATING BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS (1997), <http://www.oecd.org/dataoecd/43/13/38962457.pdf>.

102. Press Release, Organisation for Economic Co-Operation and Development, OECD to Conduct a Further Examination of UK Efforts Against Bribery (Mar. 14, 2007), *available at* http://www.oecd.org/document/12/0,3343,en_2649_34855_38251148_1_1_1_1,00.html.

103. GROUP OF STATES AGAINST CORRUPTION, JOINT FIRST AND SECOND EVALUATION ROUNDS—EVALUATION REPORT ON THE REPUBLIC OF MONTENEGRO (2006), [http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2\(2005\)4_Montenegro_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2(2005)4_Montenegro_EN.pdf).

104. GROUP OF STATES AGAINST CORRUPTION, SECOND EVALUATION ROUNDS—EVALUATION REPORT ON GEORGIA (2006), [http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval2\(2006\)2_Georgia_EN.pdf](http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval2(2006)2_Georgia_EN.pdf).

105. GROUP OF STATES AGAINST CORRUPTION, JOINT FIRST AND SECOND EVALUATION ROUNDS—EVALUATION REPORT ON BOSNIA AND HERZEGOVINA (2006), [http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2\(2006\)4_Montenegro_EN.pdf](http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2(2006)4_Montenegro_EN.pdf).

106. GROUP OF STATES AGAINST CORRUPTION, JOINT FIRST AND SECOND EVALUATION ROUNDS—EVALUATION REPORT ON ANDORRA (2006), [http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2\(2006\)1_Andorra_EN.pdf](http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2(2006)1_Andorra_EN.pdf).

107. GROUP OF STATES AGAINST CORRUPTION, JOINT FIRST AND SECOND EVALUATION ROUNDS—EVALUATION REPORT ON UKRAINE (2006), [http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2\(2006\)2_Ukraine_EN.pdf](http://www.coe.int/t/dg1/Greco/evaluations/round2/GrecoEval1-2(2006)2_Ukraine_EN.pdf).

108. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF ARGENTINA FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_arg.pdf.

109. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF PARAGUAY FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_pry.pdf.

110. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF NICARAGUA FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_nic.pdf.

Uruguay,¹¹¹ Ecuador,¹¹² Honduras,¹¹³ Bolivia,¹¹⁴ Peru,¹¹⁵ Costa Rica,¹¹⁶ Venezuela,¹¹⁷ Mexico,¹¹⁸ and Trinidad and Tobago in 2007.¹¹⁹

B. THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

In 2007, the states parties to the United Nations Convention Against Corruption launched a self-assessment mechanism and a pilot project for mutual evaluation. The processes had not been completed by the end of the year, although many responses to the self-assessment checklist are publicly available.¹²⁰ The Working Group on Review of Implementation continues the process.¹²¹

C. MULTILATERAL DEVELOPMENT BANKS

In September 2007, the Independent Panel Review of the World Bank Group Department of Institutional Integrity released its report evaluating the role and activities of the Department of Institutional Integrity (INT) in the broader context of the Bank's Governance and Anti-Corruption Strategy, including the role of INT in the Bank's structure, INT's investigations of external operations and of staff, and personnel issues within INT.¹²² INT opened 292 new cases and closed 241 cases in the fiscal year ending June 30, 2006.¹²³

111. ORGANIZATION OF AMERICAN STATES, ORIENTAL REPUBLIC OF URUGUAY FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_ury.pdf.

112. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF ECUADOR FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_ecu.pdf.

113. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF HONDURAS FINAL REPORT (2006), http://www.oas.org/juridico/English/mesicic_II_rep_hnd.pdf.

114. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF BOLIVIA FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_blv.pdf.

115. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF PERU FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_per.pdf.

116. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF COSTA RICA FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_cri.pdf.

117. ORGANIZATION OF AMERICAN STATES, BOLIVARIAN REPUBLIC OF VENEZUELA FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_ven.pdf.

118. ORGANIZATION OF AMERICAN STATES, MEXICO FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_mex.pdf.

119. ORGANIZATION OF AMERICAN STATES, REPUBLIC OF TRINIDAD AND TOBAGO FINAL REPORT (2007), http://www.oas.org/juridico/English/mesicic_II_rep_tto.pdf.

120. U.S. DEPARTMENT OF STATE BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, SELF-ASSESSMENT CHECKLIST ON THE IMPLEMENTATION OF THE UNITED NATIONS CONVENTION AGAINST CORRUPTION (2007), <http://www.state.gov/p/inl/rls/rpt/91886.htm>.

121. UNITED NATIONS, REPORT ON THE MEETING OF THE OPEN-ENDED INTERGOVERNMENTAL WORKING GROUP ON REVIEW OF THE IMPLEMENTATION OF THE UNITED NATIONS CONVENTION AGAINST CORRUPTION HELD IN VIENNA FROM 29 TO 31 AUGUST 2007, CAC/COSP/2008/3 (2007), *available at* http://www.unodc.org/pdf/crime/convention_corruption/cosp/session2/V0786745e.pdf.

122. PAUL A. VOLCKER ET AL., INDEPENDENT PANEL REVIEW OF THE WORLD BANK GROUP DEPARTMENT OF INSTITUTIONAL INTEGRITY (2007), http://www.independentpanelreview.com/Complete_Report.pdf.

123. *Id.* The Independent Panel's website is www.independentpanelreview.com.

The Integrity Division of the Asian Development Bank had 147 cases open as of May 2007.¹²⁴ The Office of the Chief Compliance Officer of the European Bank for Reconstruction and Development (EBRD) dealt with twelve new cases of alleged misconduct.¹²⁵ The EBRD announced in early 2007 that it had debarred Lakmeyer, a German company, for fraud, the first example of cross-debarment by a multi-lateral development bank.¹²⁶ The Office of Institutional Integrity of the Inter-American Development Bank (IADB) completed 137 investigations of allegations received in 2006 and prior years.¹²⁷ In 2007, the IADB began an external review of its anti-corruption operations.

124. The Integrity Division's website is <http://www.adb.org/Anticorruption/unit.asp>.

125. VOLCKER ET AL., *supra* note 122., at Appendix A-1.

126. U.S. Fed News, March 2, 2007; BNA Daily Report for Executives, February 6, 2007.

127. INTER-AMERICAN DEVELOPMENT BANK GROUP, OFFICE OF INSTITUTIONAL INTEGRITY, ANNUAL REPORT 2006 (2006), <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=933428>.

