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From: Brinley Salzmann
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Subject: Business Ethics Network Bulletin - 28 March 2018

Dear All,

HM Treasury issues Advisory Notice on Money Laundering and Terrorist Financing Controls in Higher Risk Jurisdictions

HM Treasury has published an Advisory Notice on Money Laundering and Terrorist Financing Controls in Higher Risk Jurisdictions, which is available at the following website:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/684063/Money_laundering_and_terrorist_financing_controls_in_overseas_jurisdictions_advisory_notice.pdf

This Advisory Notice reiterates recent findings by the intergovernmental Financial Action Task Force on Money Laundering (<http://www.fatf-gafi.org/>). In response to the latest FATF statements, HM Treasury advises firms to consider the following:

HM Treasury Advice:	Consider as high risk and apply counter measures and enhanced due diligence measures in accordance with the risks	Consider as high risk and apply enhanced due diligence measures in accordance with the risks	Take appropriate actions to minimise the associated risks, which may include enhanced due diligence measures in high risk
Jurisdictions:	DPRK*	Iran*	Ethiopia Iraq* Serbia Sri Lanka Syria* Trinidad and Tobago Tunisia* Vanuatu Yemen*

*These jurisdictions are subject to sanctions measures at the time of publication of this notice which require firms to take additional measures. Details can be found at: <https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>.

Former Siemens Executive Pleads Guilty to Bribery

The US Department of Justice (DOJ) has announced that Eberhard Reichert, 78, of Munich, Germany, the former Technical Manager of the Major Projects division of Siemens Business Services GmbH & Co. OGH (SBS), a wholly owned subsidiary of Siemens Aktiengesellschaft (Siemens AG), has pleaded guilty to conspiring to pay tens of millions of dollars in bribes to Argentine government officials to secure, implement and enforce a US\$1 billion contract to create national identity cards. Reichert pleaded guilty to one count of conspiring to violate the anti-bribery, internal controls and books and records provisions of the Foreign Corrupt Practices Act (FCPA) and to commit wire fraud. In 1998, the Government of Argentina awarded to a subsidiary of Siemens AG a contract worth approximately US\$1 billion to create state-of-the-art national identity cards (the Documento Nacional de Identidad or DNI project). The

Argentine Government terminated the DNI project in 2001. In connection with his guilty plea, Reichert admitted that he engaged in a decade-long scheme to pay tens of millions of dollars in bribes to Argentine Government officials in connection with the DNI project, which was worth more than US\$1 billion to Siemens. Reichert admitted that he and his co-conspirators concealed the illicit payments through various means, including using shell companies associated with intermediaries to disguise and launder the funds. Reichert also admitted that he used a US\$27 million contract between a Siemens entity and a company called MFast Consulting AG that purported to be for consulting services to conceal bribes to Argentine officials. In 2008, Siemens AG, a German entity, pleaded guilty to violating the books and records provisions of the FCPA; Siemens Argentina pleaded guilty to conspiracy to violate the books and records provisions of the FCPA; and Siemens Bangladesh Limited and Siemens S.A. – Venezuela each pleaded guilty to conspiracy to violate the anti-bribery and books and records provisions of the FCPA. As part of the plea agreements, the Siemens companies paid a total of US\$450 million in criminal fines. The US Securities and Exchange Commission (SEC) also brought a civil case against Siemens AG alleging that it violated the anti-bribery, books and records and internal controls provisions of the FCPA. In resolving the SEC case, Siemens AG paid US\$350 million in disgorgement of wrongful profits. The Munich Public Prosecutor's Office also resolved similar charges with Siemens AG that resulted in a fine of US\$800 million. In August 2009, following these corporate resolutions with US and German authorities, Siemens AG withdrew its claim to the more than US\$200 million arbitration award.

Transport Logistics International Ltd Penalised

The US Department of Justice (DOJ) has announced that Transport Logistics International Inc. (TLI), a Maryland-based company that provides services for the transportation of nuclear materials to customers in the United States and abroad, agreed to resolve criminal charges in connection with a scheme that involved the bribery of an official at a subsidiary of Russia's State Atomic Energy Corporation and to pay a US\$2 million criminal penalty. Three individuals have been charged for their alleged roles in the bribery scheme. TLI entered into a deferred prosecution agreement (DPA) with the Department in connection with a criminal information filed in the District of Maryland charging the company with conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA). In the DPA, TLI and the Department agreed that, because of the company's financial inability to pay the penalty calculated under the US Sentencing Guidelines, the appropriate criminal penalty is US\$2 million. As part of the agreement, TLI also committed to cooperate fully with the Department's ongoing investigation, and to continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other anti-corruption laws throughout its operations. In reaching the resolution with the Department, TLI received full credit for its substantial cooperation with the Department's investigation and for engaging in remedial measures, including terminating the employment of all employees engaged in the misconduct. According to admissions and court documents, beginning in at least 2004 and continuing until at least 2014, TLI conspired with others to corruptly pay more than US\$1.7 million to offshore bank accounts associated with shell companies, at the direction of, and for the benefit of, Vadim Mikerin, a Russian official at JSC Techsnabexport (TENEX), a subsidiary of Russia's State Atomic Energy Corporation. The bribe payments were made to help TLI secure improper business advantages and obtain and retain business with TENEX. In order to effectuate and conceal the bribe payments, TLI executives and others caused fake invoices to be prepared, purportedly from TENEX to TLI, that described services that were never provided. TLI then wired payments for those purported services to shell companies in Latvia, Cyprus and Switzerland to further the bribery scheme.

OECD Praise for Switzerland

Switzerland made significant progress against foreign bribery since the Organization for Economic Cooperation and Development (OECD) last evaluated the country in 2011, the group has stated. The OECD said in an effusive report it wanted to draw particular attention to the "*significant level of enforcement*" by Swiss federal prosecutors, saying it's having an effect at the national and international level. "*The [OECD] Working Group congratulates Switzerland on progress it has made in recent years towards implementing the [Anti-Bribery] Convention, notably with regard to companies,*" the report said. "*It encourages Switzerland to further intensify these efforts and commit to imposing sanctions that are effective, proportionate and dissuasive, as required by the convention.*" Five individuals and corporations were convicted in the past four years, and the number of open investigations has increased, the OECD said. The number could go even higher because Switzerland should be able to demonstrate a higher level of enforcement, including against Swiss companies, it said.

Regards,



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