

International Bribery and Corruption affecting the UK

Extract from NCA Amber ALERT (Reference 0354 - ECC)

Overview

The purpose of this alert is to raise awareness of the risk indicators associated with international bribery and corruption affecting the UK.

Bribery is rarely confined to a single country with key actors, businesses and payments dispersed across multiple jurisdictions. The global footprint of some UK companies can facilitate corruption by increasing their international reach and adding layers of complexity. Bribery is typically a corporate crime driven by directors and senior management or conducted with their awareness.

Foreign kleptocrats and corrupt PEPs see the UK as an advantageous and safe location to invest. Whilst in the UK they may live a life of luxury, purchasing or renting high-value property in desirable areas and putting their children through the private school education system. Investments by PEPs are often made through offshore companies which obscure the ultimate beneficial ownership.

The use of intermediaries and professional enablers (eg accountants, lawyers) is the most common method by which UK entities pay bribes as they disguise and distance themselves from the transaction. Intermediaries and professional enablers can create false identities, agreements and documentation to pay and conceal bribes. Trade-based money laundering is also used. Professional Enablers lend respectability and integrity to transactions and create and manage corporate structures to mask money flows and ownership. In the majority of cases under investigation, professional enablers are complicit although some may be unwitting or negligent.

Corporate structures are used by UK entities and kleptocrats to facilitate corruption which does not necessarily require the use of intermediaries / professional enablers. Sham companies, which purport to be genuine but effectively act as shell companies, make it harder to detect criminality where concerted efforts are made to disguise bribe payments as authentic proceeds.

Bribery Indicators

- Specific financing methods used to complete deals which are less transparent than other means, for example the use of private placement schemes.
- Opaqueness of government business schemes used to encourage diversity, which should be overtly transparent.
- Intermediaries brought in on business deals once a contract has been agreed and for no obvious reason.
- Companies changing the terms of agreements and definitions of intermediaries to avoid registration and regulatory oversight in other countries.
- Companies which pay other firms to perform logistical roles in countries where there is a high degree of perceived corruption and which they could perform themselves, in order to transfer the risk to the other firm.
- Long term contracts repeatedly awarded to the same subcontractor.
- Intermediaries linked to previous projects associated with bribery and corruption.
- Companies and individuals who spread knowledge and documents that relate to the process of making payments across multiple jurisdictions for no apparent business reason.
- Tender process where bids are abnormally high and there is only one company bidding.

- Projects which are funded through loan agreements by governing bodies such as development institutions but where the eventual tender price put out is significantly higher than the loan amount requested.
- Projects where intermediaries have a relationship with both a bidding company and the client and are able to influence technical specifications within tender documents for the benefit of the company.

Suspicious Activity Reporting [SARs]

If you know or suspect ML or TF activity you should make a SAR and include the alert reference **0354-ECC** within the text *in addition* to the ongoing use of the Glossary of Terms. Guidance on reporting is available at: www.nationalcrimeagency.gov.uk

Data Protection Considerations

Please consider your obligations under the relevant data protection regulations and where necessary remove any related personal data from your systems securely and within a satisfactory timeframe.

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