

Strategic analysis brief

# **Politically exposed persons, corruption and foreign bribery**



Australian Government

AUSTRAC



## Strategic analysis briefs

AUSTRAC strategic analysis briefs provide insights for government and industry on money laundering and terrorism financing (ML/TF) risks, trends and methods.

These briefs aim to assist Australian businesses by providing information that may be helpful in identifying and mitigating the risk of their business being misused by criminals. This information can

- » be relevant to their AML/CTF programs, policies and procedures
- » help to inform their management and mitigation of ML/TF risk
- » enhance the quality of reporting to AUSTRAC.



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# PURPOSE

To provide information about money laundering methods, vulnerabilities and indicators associated with politically exposed persons (PEPs) and laundering the proceeds of corruption including foreign bribery.

## KEY POINTS

- » To conceal the proceeds of corruption and foreign bribery, public officials use similar money laundering methods as those used by organised crime groups. These include the use of corporate vehicles, third parties, professional facilitators, international funds transfers and international trade in services payments.



- » Reporting suspicious matter reports (SMRs) to AUSTRAC provides both an indication of the activity of PEPs in Australia and the extent to which reporting entities have identified suspicious activity. SMRs are submitted by banks, casinos, remitters, foreign exchange providers and others.

## BACKGROUND

Corruption has significant effects on economic development, political stability and transnational crime.<sup>1</sup> Similarly, the bribery of foreign officials (a form of corruption) is considered a widespread phenomenon in international business transactions, including trade and investment.<sup>2</sup> Consequently, the Financial Action Task Force (FATF) has included corruption and bribery in the designated categories of offences for money laundering.<sup>3</sup> To conceal the proceeds of corruption and foreign bribery, public officials use similar money laundering methods to those used by organised crime groups.

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1 Financial Action Task Force (FATF), *Laundering the Proceeds of Corruption*, July 2011, p. 9, viewed 11 February 2015, <[www.fatf-gafi.org/topics/methodsandtrends/documents/laudingtheceedsofcorruption.html](http://www.fatf-gafi.org/topics/methodsandtrends/documents/laudingtheceedsofcorruption.html)>.

2 Organisation for Economic Co-operation and Development (OECD), *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, (adopted on 21 November 1997), 2011, p. 6. Convention ratified by the Australian Government on 18 October 1999 and entered into force in Australia on 18 December 1999, viewed 11 February 2015, <[www.oecd.org/corruption/oecdantibribery-convention.htm](http://www.oecd.org/corruption/oecdantibribery-convention.htm)>.

3 FATF, *International standards on combating money laundering and the financing of terrorism & proliferation*, Paris, 2012, p.112, <[www.fatf-gafi.org/topics/fatfrecommendations/](http://www.fatf-gafi.org/topics/fatfrecommendations/)>.

# Corruption

Corruption is the misuse of public office by an individual for private gain.<sup>4</sup> It involves acts ranging from abuse of functions, position or influence, bribery of foreign or domestic officials, self-dealing, extortion, and embezzlement.<sup>5</sup>

Money laundering can be carried out with reduced risk when public officials are incorporated into the process. The professional status of public officials enhances the legitimacy of transactions and financial activity and correspondingly reduces the risk of such activity raising suspicion. Consequently, the bribing of public officials can become a key part of criminal activity.

## Bribery of foreign officials

It is a criminal offence under Australian law to bribe a foreign public official. Foreign bribery includes providing or offering a benefit to a foreign public official, or causing a benefit to be provided or offered to a foreign public official, where the benefit is not legitimately due. The benefit must be intended to influence a foreign public official in the exercise of their official duties for the purpose of obtaining or retaining business or a business advantage which is not legitimately due.<sup>6</sup>

Bribing or attempting to bribe a foreign public official is a serious crime and attracts severe penalties for both individuals and corporations.<sup>7</sup> The penalties reflect the serious nature of bribery and the detrimental effect it has on Australia's trade and reputation, as well as international governance.<sup>8</sup> Example 1 in the Appendix highlights a matter involving the bribery of foreign public officials.

Australian companies or individuals that bribe an official in a foreign country can also be prosecuted under the laws of foreign countries.<sup>9</sup> Example 2 in the Appendix highlights an example of an Australian prosecuted in the United States for bribery.

## Politically exposed persons

Under Australia's AML/CTF Rules, a PEP is an individual who holds a prominent public position or function in a government body or an international organisation.<sup>10</sup>

Examples include:

- » heads of state or government
- » senior government officials
- » high-ranking members of the armed forces
- » board chairs, chief executives or chief financial officers in State enterprises or international organisations.

The PEP definition also includes immediate family members and close associates of PEPs.<sup>11</sup>

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4 This is a functional definition, not a legal definition. See fn. 1, p. 6.

5 See footnote 1. p. 7 and pp. 16–17.

6 Australian Federal Police, *Foreign Bribery Fact Sheet*, July 2014, <[www.afp.gov.au/~media/afp/pdf/f/foreign-bribery-afpfactsheet.pdf](http://www.afp.gov.au/~media/afp/pdf/f/foreign-bribery-afpfactsheet.pdf)> and Attorney-General's Department, *Foreign Bribery Information Pack – Fact sheet: The foreign bribery offence*, Australian Government, <[www.ag.gov.au/CrimeAndCorruption/Foreignbribery/Pages/default.aspx](http://www.ag.gov.au/CrimeAndCorruption/Foreignbribery/Pages/default.aspx)>. Also, see Division 70 of the *Criminal Code Act 1995* (Cth).

7 Section 70.2 of the *Criminal Code Act 1995* (Cth).

8 Department of Foreign Affairs and Trade (DFAT), *Corruption*, <[www.dfat.gov.au/international-relations/themes/corruption/Pages/corruption.aspx](http://www.dfat.gov.au/international-relations/themes/corruption/Pages/corruption.aspx)>.

9 Ibid.

10 *AUSTRAC compliance guide*, see <[www.austrac.gov.au/acg-chapter-6-amlctf-programs-part-b.html#peps](http://www.austrac.gov.au/acg-chapter-6-amlctf-programs-part-b.html#peps)>.

11 Ibid.

Obviously, the simple identification of an individual as being a PEP does not mean that they are corrupt. Rather, it is the potential for PEPs to be corrupt or corrupted that requires businesses and financial institutions which deal with them to exercise enhanced customer due diligence.

Examples 3 and 4 in the Appendix highlight how the Australian financial system can be exploited by foreign PEPs.

## PEPS AND AML/CTF REGULATION

PEPs are considered to be potentially higher risk due to their position and potential access to wealth and resources. The effective implementation of customer due diligence (CDD) is a key obligation for reporting entities when dealing with PEPs.<sup>12</sup>

Australia's AML/CTF regime requires reporting entities to have an AML/CTF program. The primary purpose of Part A of an AML/CTF program is to identify, mitigate and manage ML/TF risk. In identifying its ML/TF risk, a reporting entity must consider the risk posed by, among other things, its customer types, including any politically exposed persons (PEPs).

Part A must include a requirement that, in determining what is an appropriate riskbased procedure for inclusion in Part B of the reporting entity's AML/CTF program, the reporting entity must consider the ML/TF risk involved in providing the designated service.

Part B of an entity's program must set out the applicable customer identification procedures of the entity. An entity is required to undertake enhanced CDD requirements when it determines under its riskbased systems and controls that the ML/TF risk is high.<sup>13</sup>

## MONEY LAUNDERING VULNERABILITIES

Some of the money laundering vulnerabilities associated with PEPs are set out below:

- » **PEPs provide a veneer of respectability which can deflect suspicion about their transactions.** The privileged positions of trust and responsibility PEPs hold may be seen as enhancing the legitimacy of their transactions and financial activity, and correspondingly reduces the risk of such activity raising suspicion.
- » **PEPs have a position of influence and are uniquely placed to be involved in corruption.** Because of their position, corrupt PEPs may circumvent or attempt to circumvent AML/CTF regulation by influencing, controlling or evading AML/CTF programs. Corrupt PEPs may also influence or attempt to influence individuals and institutions that guard against criminal activity.

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12 On 1 June 2014, amendments to the AML/CTF Rules relating to PEPs took effect, see [www.austrac.gov.au/businesses/obligations-and-compliance/customer-due-diligence](http://www.austrac.gov.au/businesses/obligations-and-compliance/customer-due-diligence).

13 Chapter 15 of the AML/CTF Rules, see [www.austrac.gov.au/aml\\_ctf\\_rules.html](http://www.austrac.gov.au/aml_ctf_rules.html).

# MONEY LAUNDERING METHODS

An examination of international money laundering case studies reveals five main methods of laundering the proceeds of corruption. These methods illustrate how public officials use similar money laundering methods as those used by organised crime groups. These include the use of corporate vehicles and trusts, professional facilitators, third parties, foreign jurisdictions and international trade in services payments.

## Method 1 – Use of corporate vehicles and trusts

International case studies point to the use of corporate vehicles and trusts by corrupt PEPs.<sup>14</sup> Corrupt PEPs use shell companies, trusts and company structures established domestically or offshore to launder illicit funds.<sup>15</sup>

Illicit funds held in the name of a company, a shell company or a trust distances the corrupt PEP from ownership of the funds, with control vested in the hands of third parties to avoid any obvious links. Companies in foreign jurisdictions with weak AML/CTF regimes are also used to receive cash deposits, which are subsequently sent to other jurisdictions.

The following is an example of this method.

1. Suspects A and B are senior politicians in country 1 and both are considered PEPs.
2. Suspect A provides confidential information to suspect B about the proposed privatisation of a large government entity.
3. Suspect B pays suspect A the equivalent of AUD700,000 cash for this information.
4. Suspect A instructs suspect B to deposit the cash into several bank accounts in the name of company X.
5. Company X is a shell company registered in country 2.
6. Company X's bank accounts are held in country 3.
7. Over a period of time the funds are transferred to a trust with a bank account in country 1. Suspect A is the beneficiary of the trust and, as such, can access the illicit funds.
8. Because the funds in the trust are transferred via country 3, it is difficult for authorities in country 1 to trace the source of the funds back to suspect B. The use of a shell company in country 2 further complicates the money trail.

Figure 1 provides an overview of this method.

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<sup>14</sup> See footnote 1, p. 17.

<sup>15</sup> Shell company – a company that, at the time of incorporation, has no significant assets or operations. Shell companies can be set up domestically or offshore and the ownership structure of a shell company can take several forms. Shell companies have no physical presence, employees or products and may be owned by corporations, nominee owners and bearer shares, obscuring beneficial ownership.

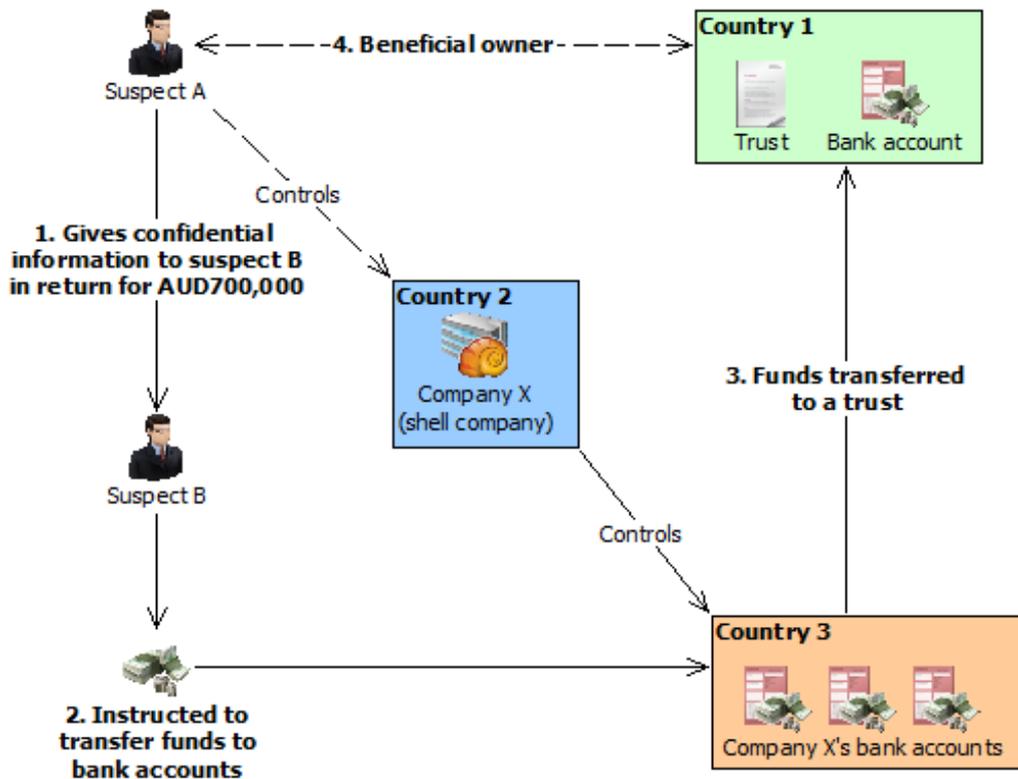


Figure 1 – Overview of use of corporate vehicles and trusts

## Method 2 – Use of third parties

Corrupt PEPs commonly use family members or associates to access the financial system and launder money through it.<sup>16</sup> The use of a third party distances corrupt PEPs from the illicit funds, disguises ownership of assets and complicates asset confiscation efforts by authorities.

For example:

- » A corrupt PEP based overseas may move funds through their children who are studying in another country.
- » A corrupt PEP may use a close associate to exchange cash for gaming chips (or vice versa) on their behalf at a casino.
- » A corrupt PEP may buy property using a third party or family member as a legal owner.
- » A corrupt PEP may use a third party's bank account to deposit and withdraw illicit funds. Alternatively, a corrupt PEP may use third parties to undertake transactions on their behalf.

16 For more information about family members and associates, see FATF, *Guidance: Politically Exposed Persons* (Recommendation 12 and 22), June 2013, viewed 11 February 2015, <[www.fatf-gafi.org/documents/guidance/](http://www.fatf-gafi.org/documents/guidance/)>.

The following is an example of how third parties may be used to launder the proceeds of corruption.

1. Suspect A (PEP) receives confidential information about the privatisation of a government entity.
2. Suspect A persuades a close associate to buy shares in company Y on his behalf.
3. Company Y submits a tender for the right to buy the government entity.
4. Suspect A uses his position to improperly exert influence and favours company Y as the purchaser of the government entity.
5. Suspect A's close associate moves the profits generated by the shares in company Y through his personal and business accounts to suspect A's wife.
6. Suspect A's wife buys a house using the funds, which are the proceeds of corruption.

Figure 2 provides an overview of this method.

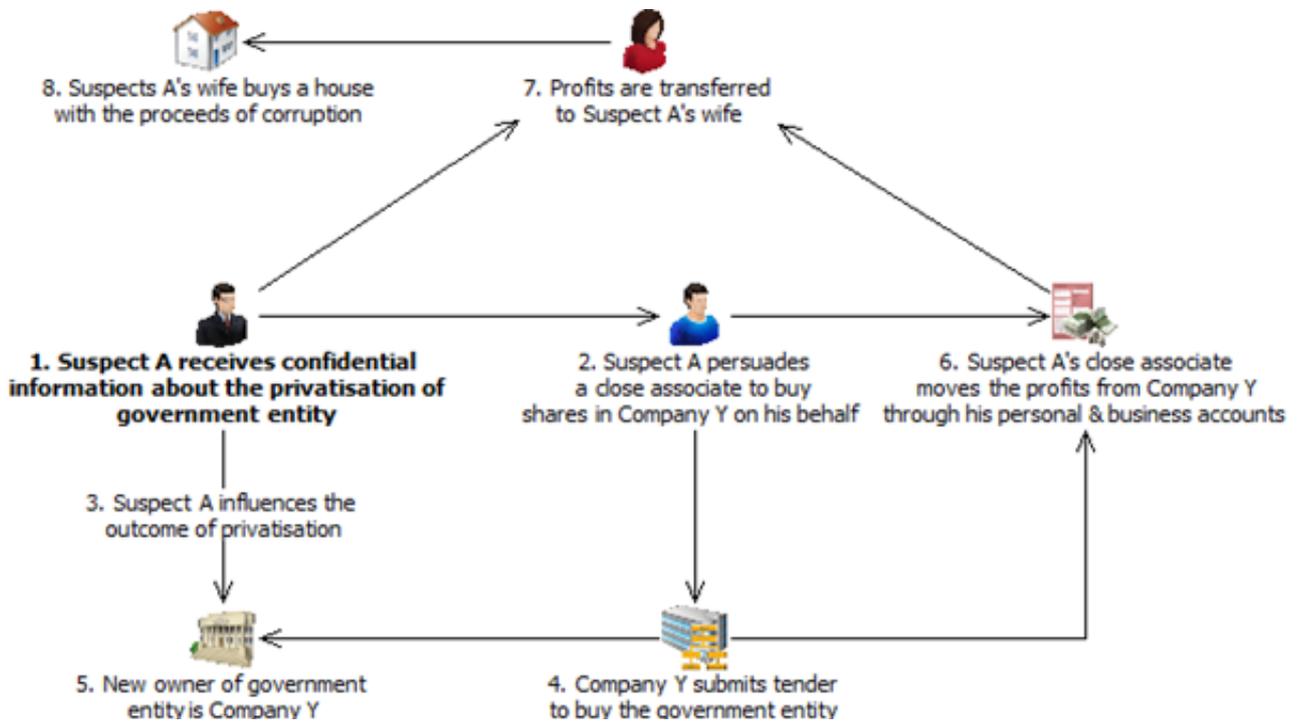


Figure 2 – Overview of use of third parties

## Method 3 – Use of professional facilitators

Professionals such as lawyers, accountants, real estate agents, financial advisers and trust and company service providers are known as ‘gatekeepers’ because they provide an entry point for those seeking to access financial products and services, to purchase real estate, and to establish companies and trusts.

Professional facilitators are commonly featured in international cases involving corruption and money laundering.<sup>17</sup>

The following is an example of how professional facilitators can be used to launder the proceeds of corruption.

1. Suspect A is a senior government official in country X.
2. Company ABC is based in country Y and wants to secure a lucrative government infrastructure contract in country X.
3. Suspect A receives cash bribes from company ABC. In return, suspect A secures the lucrative government infrastructure contract for company ABC.
4. Suspect A gives the cash bribe to his legal practitioner. The bribe is in a foreign currency.
5. The cash is deposited into the legal practitioner’s trust account and later transferred to various bank accounts held in the name of the legal practitioner’s business.
6. The legal practitioner is instructed to transfer the funds to companies and bank accounts controlled by suspect A’s family and associates.
7. The funds are used to fund suspect A’s lifestyle and to buy high-value assets.

## Method 4 – Use of international funds transfers

Corrupt PEPs use international funds transfers to move illicit funds outside their home jurisdiction. Bank accounts and legal entities in foreign jurisdictions are commonly used to launder the proceeds of corruption. International funds transfers to and from foreign jurisdictions, including Australia, distances corrupt PEPs from the criminal activity and illicit funds.

The following is an example of the use of foreign jurisdictions to launder bribery payments.

1. Executives of an Australian company, company A, bribe foreign PEPs of country 1. In return, company A secures lucrative government contracts in that country.
2. To disguise the bribery payments made by company A and received by PEPs of country 1, it is agreed that the payments will be channelled through foreign countries and subsequently paid to company XYZ (in country 1).
3. Company XYZ is a front company which acts as a collection agent or conduit for the government of country 1. The use of a front company provides an element of legitimacy to the activities of the company.
4. Company A conceals the bribery payments by moving the funds through the accounts of companies B and C in other countries, including secrecy havens. Company A controls companies B and C.<sup>18</sup>
  - » Company B is incorporated in country 2 and operates bank accounts in that country. Company B also operates accounts in country 3.
  - » Company C is incorporated in country 4. The company holds a bank account in this country.

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<sup>17</sup> See footnote 1, p. 19.

<sup>18</sup> A ‘secrecy haven’ (or ‘secrecy jurisdiction’) is a country, region or state that does not divulge information about an individual’s financial/banking affairs or structures. See <[www.ato.gov.au/General/The-fight-against-tax-crime/In-detail/Tax-crime/Project-Wickenby/](http://www.ato.gov.au/General/The-fight-against-tax-crime/In-detail/Tax-crime/Project-Wickenby/)>.

5. Transfer via company B's accounts in country 3 – Company A uses company B to make bribery payments to company XYZ (in country 1). Company B makes these payments via its bank accounts in country 3.
6. Transfer via company C's accounts in country 4 – Company A again uses company B to make bribery payments to company XYZ (in country 1). Company B makes these payments via company C and its bank accounts in country 4.
7. Transfer via company A's accounts in country 5 – Company A holds bank accounts in country 5. Funds are transferred from these accounts to the accounts of company XYZ in country 1.
8. Over a period of time, company A pays approximately AUD5 million in bribes to officials of country 1. The bribery payments are disguised as legitimate overseas expenses of company A; for example, transportation costs.

The bribery payments to PEPs in country 1 are disguised as legitimate expenses and moved through foreign jurisdictions as seemingly legitimate funds.

Figure 3 provides an overview of this method.

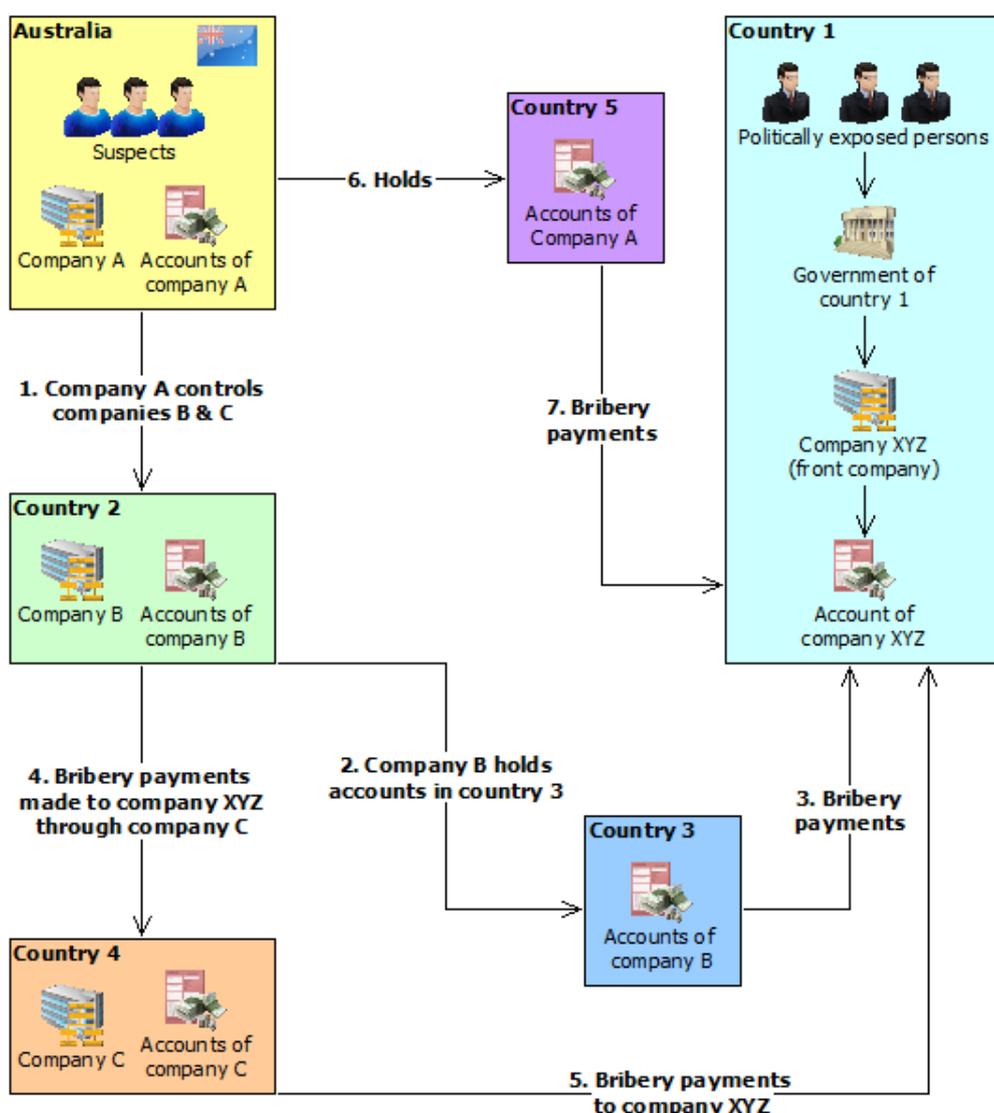


Figure 3 – Overview of use of international funds transfers

## Method 5 – International trade in services payments

International trade in services payments may be used to conceal foreign bribery payments. This method involves companies or individuals, intent on securing lucrative contracts in a foreign jurisdiction, sending international funds transfers to companies known or suspected to be linked to PEPs in that jurisdiction. The bribery payments are disguised as legitimate payments for services: for example 'consultancy' fees.

### AUSTRAC AND PEPs

Analysis of SMRs over the three-and-a-half year period from January 2011 to June 2014 provides an indication of the activity of PEPs and public officials in Australia and the extent to which reporting entities have identified this activity as suspicious. The analysis showed that:

- » AUSTRAC received approximately 950 SMRs that included the phrase 'PEP or 'public official' as the grounds for suspicion.
- » In addition to these SMRs, AUSTRAC analysis identified additional submitted SMRs that did not contain the phrases 'PEP' or 'public official' but instead listed the name of a specific known PEP.
- » SMRs were submitted by various reporting entities, including financial institutions, remittance dealers, non-bank financial service providers, currency exchanges and casinos.
- » The SMRs concerned PEPs and public officials from countries including, but not limited to, Australia, East Asia, South-East Asia and Pacific Island countries.

# Suspicious activities reported in SMRs

SMRs were submitted on a range of suspicious activities, including:

- » Account holdings and transactions involving spouses, other family members or associates and concerns surrounding the source and legitimacy of funds.
- » Foreign PEPs using the bank accounts of their Australia-based dependants to move funds. For example, where a foreign PEP's children are studying in Australia and hold accounts with Australian institutions, large amounts of money are moved through these accounts. Funds are moved to and from the PEP's home country, which may also be identified as a high-risk jurisdiction.<sup>19</sup>
- » A foreign PEP transferred a large amount of funds to the personal bank account of an Australian resident. The Australian resident subsequently transferred the funds to their own mortgage account. The legitimacy of the funds is uncertain.
- » PEPs receiving multiple cash deposits into their personal bank account from third parties within a short time frame. In some cases, the cash deposits consisted of foreign currency.
- » Foreign PEPs with significant holdings in Australia, such as bank term deposits and other high wealth products such as shares and investment portfolios.
- » A foreign PEP who is a principal shareholder in an Australian company which bought Australian properties. The company failed to disclose the PEP was a principal shareholder when buying the properties.
- » An applicant for a large amount of funding for a development project in Australia is identified as a family member of a foreign PEP from a high-risk jurisdiction.
- » PEPs and/or third parties circumventing cash transaction reporting requirements by depositing and withdrawing funds at different bank branches or remittance business locations on the same day in amounts below the AUD10,000 cash reporting threshold.<sup>20</sup>
- » Regular large withdrawals using bank cheques made payable to Australia-based businesses with no logical explanation. Cash withdrawals are then made from the business accounts of the Australia-based businesses.
- » Funds from business accounts held in a high-risk jurisdiction are transferred to Australia-based business or personal accounts.
- » A foreign national living in Australia is linked to a bribery or corruption matter in another country. The foreign national invests money in real estate and business activities in Australia. The legitimacy of the funds is uncertain.
- » Multiple third parties exchange cash for gaming chips and vice versa at a casino, but undertake little or minimal gaming activity. After the exchange the cash or gaming chips are given to the PEP.
- » A PEP receives large international funds transfers to a gaming account. The PEP withdraws a small amount for gaming purposes. The balance is subsequently withdrawn by way of cheque.

The above list of suspicious activities highlights some suspected methods and techniques used for laundering the proceeds of corruption.

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19 'High-risk jurisdictions' are jurisdictions known to be a source of narcotics or other significant criminal activity, any jurisdiction subject to sanctions, jurisdictions known to be a secrecy haven or preferential tax regime, or jurisdictions linked to proscribed terrorist organisations.

20 This is a money laundering technique called 'structuring'. 'Structuring' involves the deliberate division of a large amount of cash into a number of smaller deposits to evade threshold reporting requirements. Under section 142 of the AML/CTF Act, structuring is punishable by up to five years imprisonment and/or 300 penalty units. Structuring can also involve the layering of funds for international funds transfers in an effort to avoid the transfers attracting undue scrutiny from authorities.

# INDICATORS

The following indicators may assist to identify potential money laundering activity. Although the existence of a single indicator does not necessarily indicate illicit activity, it should encourage further monitoring and examination. In most cases it is the existence of multiple indicators which raises suspicion of potential criminal activity.

- » A PEP holds a mortgage or loan account and makes high-value payments into the account
- » A PEP uses the bank accounts of dependants living in another country to move funds
- » A PEP has significant holdings in bank term deposits and other high-wealth products such as shares and investment portfolios in another country
- » A PEP's account shows high-volume account activity involving significant cash transactions
- » A PEP conducts transactions through a professional facilitator for no apparent commercial or other reason
- » A PEP is associated with, or undertakes transactions involving, large unexplained amounts of money
- » A PEP is unable or reluctant to provide details or credible explanations for establishing a business relationship, opening an account or conducting transactions
- » A PEP receives large international funds transfers to a gaming account. The PEP withdraws a small amount for gaming purposes and withdraws the balance using cheques
- » A PEP receives multiple cash deposits into their bank account from third parties within a short time frame. The cash deposits may consist of foreign currency
- » A PEP receives multiple international funds transfers from different beneficiaries within a short time frame or on the same day
- » A PEP uses legal entity structures to undertake transactions for no apparent commercial or other reason
- » A PEP uses multiple bank accounts for no apparent commercial or other reason
- » A PEP uses third parties to exchange cash for gaming chips with minimal gaming activity
- » A PEP uses a trust fund as a vehicle to move money
- » Cash deposits made in Australia by a PEP or an associate of a PEP, followed by funds withdrawals from the account, conducted in high-risk jurisdictions
- » International funds transfers where a PEP is both the ordering and beneficiary customer
- » Large cash withdrawals from a foreign PEP's Australia-based bank account, where the account has been funded by IFTIs sent from a high-risk jurisdictions
- » Large incoming IFTIs inconsistent with the PEP's profile
- » Large withdrawals using bank cheques, made payable to the PEP or a third party
- » PEPs from countries with poor governance
- » Personal and business transactions are difficult to distinguish
- » Ownership of property is the PEP's only link to Australia
- » Use of corporate vehicles to obscure ownership.

# SUSPICIOUS MATTER REPORTING

Reporting entities, including financial institutions, must submit SMRs to AUSTRAC detailing any financial activity which they consider to be suspicious.<sup>21</sup>

The list above is a non-exhaustive list of indicators which may help identify potential money laundering and other serious and organised criminal activity. AUSTRAC assesses and disseminates relevant SMRs to law enforcement agencies for their consideration. AUSTRAC also assists reporting entities to detect and deter money laundering by increasing their understanding of the vulnerabilities within their industry, as shown in this brief.

By strengthening internal AML/CTF controls and programs, reporting entities can better undertake enhanced and ongoing customer due diligence, and develop policies and strategies to protect their services from being misused by criminals.

## CONCLUSION

Corruption is recognised as a serious global issue. It has significant effects on economic development, political stability and transnational crime. Similarly, the bribery of foreign officials (a form of corruption) is considered a widespread phenomenon in international business transactions, including trade and investment. Corruption and bribery have been included in the FATF designated categories of offences for money laundering.<sup>22</sup>

The professional status of PEPs enhances the legitimacy of transactions and financial activity, and correspondingly reduces the risk of such activity raising suspicion. PEPs can use their positions of influence to protect themselves and criminal associates from investigation.

International experience shows that corrupt PEPs employ similar methods to launder the proceeds of corruption to those used by other criminal money launderers. The methods outlined in this paper demonstrate how the proceeds of corruption are laundered. Knowledge of money laundering methods and associated indicators may help reporting entities to detect and mitigate attempts to launder the proceeds of corruption.

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21 If a reporting entity forms a suspicion at any time while dealing with a customer (from the enquiry stage to the actual provision of a designated service or later) on a matter that may be related to an offence, tax evasion, or proceeds of crime, they must submit a SMR to AUSTRAC. Offences include money laundering, terrorism financing, operating under a false identity or any other offence under a Commonwealth, state or territory law <[www.austrac.gov.au/suspicious-matter-reports-smrs](http://www.austrac.gov.au/suspicious-matter-reports-smrs)>.

22 See footnote 3, p. 112.

# APPENDIX

## Example 1 – Companies and individuals charged with foreign bribery in Australia

Australian law enforcement investigated allegations of foreign bribery which led to two Australian companies and nine Australia-based individuals being charged with bribery of foreign public officials. A number of the individuals were also charged with false accounting.

Authorities allege that the two companies and individuals used international sales agents to bribe foreign public officials in Indonesia, Malaysia, Nepal and Vietnam to secure banknote supply contracts.<sup>23</sup>

A former Chief Financial Officer and company secretary of one of the companies pleaded guilty to false accounting and was sentenced to six months imprisonment, suspended for a periods of two years.<sup>24</sup>

Australian authorities continue investigations in Australia and internationally with its law enforcement counterparts.



**Pleaded guilty to false accounting**



**Sentenced to 6 months imprisonment**



**Suspended for 2 years**

23 AFP, 'Foreign bribery charges laid in Australia', Media Release, 1 July 2011, viewed 16 February 2015 <[www.afp.gov.au/media-centre/news/afp/2011/july/foreign-bribery-charges-laid-in-australia.aspx](http://www.afp.gov.au/media-centre/news/afp/2011/july/foreign-bribery-charges-laid-in-australia.aspx)> and AFP, 'Further charges laid in foreign bribery investigation', Media Release, 14 March 2013, viewed 16 February 2015 <[www.afp.gov.au/media-centre/news/afp/2013/march/Media%20Release%20-%20Further%20charges%20laid%20in%20foreign%20bribery%20investigation.aspx](http://www.afp.gov.au/media-centre/news/afp/2013/march/Media%20Release%20-%20Further%20charges%20laid%20in%20foreign%20bribery%20investigation.aspx)>.

24 Michael Janda, 'Securrency exec spared jail over false accounts', ABC News, 20 August 2012, viewed 16 February 2015, <[www.abc.net.au/news/2012-08-20/former-securrency-executive-sentenced/4210102](http://www.abc.net.au/news/2012-08-20/former-securrency-executive-sentenced/4210102)>.

## Example 2 – Australian prosecuted in the United States for bribery

An Australian suspect was convicted in the United States for bribery offences which took place in Afghanistan.

The suspect was employed in Afghanistan by an intergovernmental organisation which received more than USD260 million of aid from the United States Agency for International Development (USAID). The suspect's employer worked closely with both the United States and Afghanistan governments to construct hospitals, schools and other facilities.

It was alleged that, over a three-month period while in Afghanistan, the suspect solicited a bribe for awarding sub-contracts funded by USAID. The suspect allegedly solicited a cash payment of USD190,000 to allow a sub-contractor in Afghanistan to continue working on projects. The suspect was arrested and charged with receiving a bribe as an agent of an organisation which received United States federal funds.

The suspect pleaded guilty to seeking USD190,000 in bribes and sentenced to 22 months imprisonment.<sup>25</sup>



**Pleaded guilty to seeking USD190,000 in bribes**



**Sentenced to 22 months imprisonment**

<sup>25</sup> Federal Bureau of Investigation, 'Businessman Accused of Taking Bribe in Afghanistan and Promising to Steer U.S. Funded Contracts', 13 October 2010, viewed 16 February 2015, <[www.fbi.gov/news/pressrel/press-releases/bribery\\_101310](http://www.fbi.gov/news/pressrel/press-releases/bribery_101310)> and 'Australian sentenced over Afghan bribes', 22 December 2011, Sydney Morning Herald, viewed 16 February 2015, <<http://news.smh.com.au/breaking-news-national/australian-sentenced-over-afghan-bribes-20111222-1p5zk.html>>.

# Proceeds of corruption in China traced to financial assets in Australia

## Example 3

Australian authorities traced the proceeds of a major fraud in China (involving the misappropriation of public monies by public officials) to financial and real assets in Australia. The Australian money laundering investigation resulted in the forfeiture of assets valued at more than AUD4.2 million. These funds were believed to be the misappropriated funds, sent to Australia via Hong Kong, which had been uncovered by a corruption investigation in China.<sup>26</sup>

Approximately AUD4 million was repatriated to China.<sup>27</sup>



## Example 4

A governor of a prefecture in China was alleged to have taken approximately 10.11 million Chinese Yuan in bribes. The proceeds were used to purchase 17 properties in China and six in Australia. The governor was subsequently removed from office following charges of corruption.<sup>28</sup>



26 AFP, 'Proceeds of Crime returned to China', Media Release, 20 November 2009, viewed 16 February 2015, <[www.afp.gov.au/media-centre/news/afp/2009/november/proceeds-of-crime-returned-to-china.aspx](http://www.afp.gov.au/media-centre/news/afp/2009/november/proceeds-of-crime-returned-to-china.aspx)> and AFP, Annual Report 2009–2010, p. 45, viewed 16 February 2015, <[www.afp.gov.au/media-centre/publications/annual-reports/afp.aspx](http://www.afp.gov.au/media-centre/publications/annual-reports/afp.aspx)>.

27 The *Proceeds of Crime Act 2002* (Cth) provides for the repatriation of restrained funds. Under the equitable sharing program, the Minister for Justice has discretion to return funds to a foreign country in recognition of assistance leading the recovery of funds.

28 Tom Phillips, 'Chinese governor charged over opium fuelled lifestyle', The Telegraph, 14 December 2012, viewed 16 February 2015, <[www.telegraph.co.uk/news/worldnews/asia/china/9744499/Chinese-governor-charged-over-opium-fuelled-lifestyle.html](http://www.telegraph.co.uk/news/worldnews/asia/china/9744499/Chinese-governor-charged-over-opium-fuelled-lifestyle.html)>.

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The background of the image is a blurred photograph of a crowd of people walking through a brightly lit hallway. The image is overlaid with several large, semi-transparent, light gray geometric shapes, including triangles and polygons, which create a modern, abstract design. The overall color palette is light and airy, with soft whites and pale grays.

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