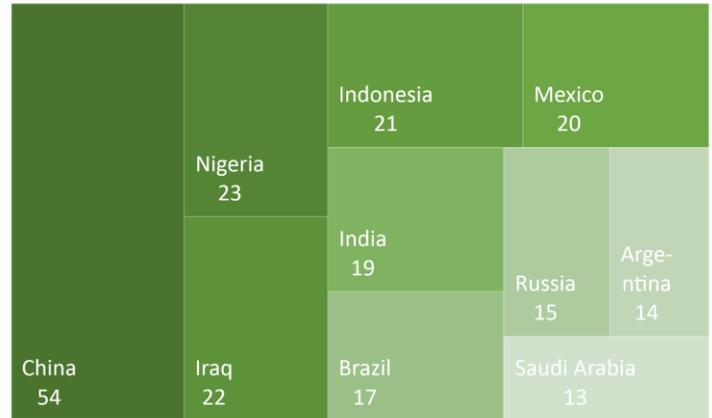


The Growing Reach of Anticorruption Enforcement

Global anticorruption enforcement efforts have steadily increased in recent years. The US **FCPA** has been joined by the 2010 **UK Bribery Act** and the 2016 French **Sapin 2** law. Each law grants regulators extensive extraterritorial jurisdiction.

While there are key differences between these three laws, they all have a global scope and enforcers share similar approaches to compliance guidelines and enforcement practices. Because of this, the extensive FCPA enforcement history provides a useful dataset for understanding the global distribution of third-party corruption risks.



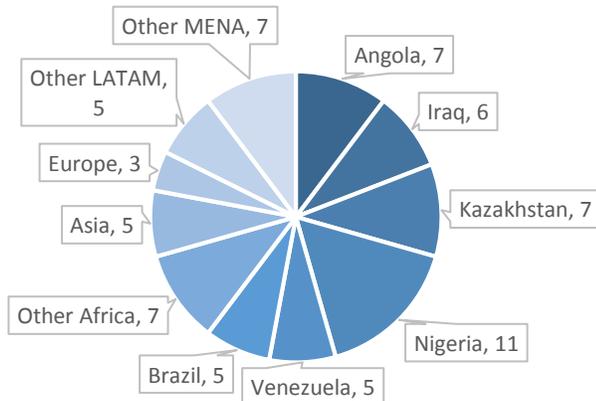
Top 10 Locations of FCPA-Sanctioned practices, all sectors

FCPA Enforcement in the Oil and Gas Sector

With 83 FCPA enforcement matters over 41 case groups, Oil and Gas is by far the most penalized sector. It faces unique challenges due to the extent of its government contact for tenders, leasing and permitting, and the prevalence of joint ventures with SOEs. FCPA enforcement focuses heavily on third-party intermediaries, which are common in the industry. Many new oil and gas sources are in countries with serious governance and transparency issues. As of January 2018, there were 28 ongoing FCPA cases in the sector.

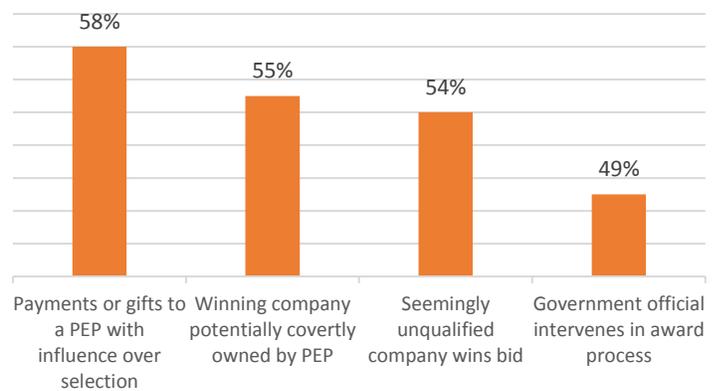
Locations and Incidence of FCPA-Sanctioned Practices--Oil and Gas Companies

source: Stanford Law School



Frequency Of Corrupt Practices in Oil and Gas Corruption Cases--% of cases featuring:

source: Natural Resource Governance Institute



Risks Posed by Intermediary Agents: The Case of Unaoil

Consultants, lobbyists, and other intermediaries present third-party corruption risks in any industry, and Monaco-based Unaoil demonstrates the extent of such risks in the oil and gas sector. The consulting firm brokered deals with government officials throughout the Middle East on behalf of foreign oil and gas clients. Unaoil's appeal was its expertise in political environments unfamiliar to multinational clients. While part of its work was focused on legitimate lobbying and advising activities, US, UK, and other regulators believe Unaoil has persistently facilitated bribes. Several companies currently face FCPA and UKBA investigations related to Unaoil's services and the UK's SFO has brought charges directly against it.

Notable FCPA Enforcement Cases in the Oil and Gas Industry (*as reported*)

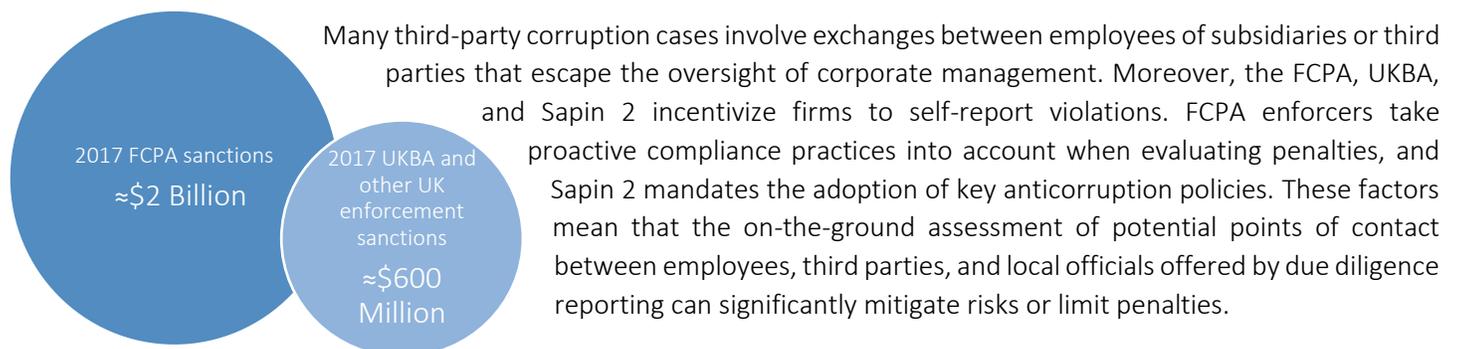
- 2018 Petrobras**—As a company traded on the NYSE, the Brazilian state oil company was subject to FCPA enforcement for numerous alleged bribe solicitations from contractors between 2004-2012. Collectively these bribes amounted to a reported USD 2 billion.
- 2017 Keppel Offshore Marine**—The Singaporean company allegedly paid as much as USD 55 million in bribes to Brazilian government officials including Petrobras employees and politicians in the Workers' Party of Brazil. US, Singaporean, and Brazilian regulators reached a USD 400 million settlement in the matter.
- 2016 Key Energy Services**—The company's Mexican subsidiary made payments to a consulting firm allegedly connected to PEMEX. No evidence of genuine consulting activities could be produced to investigators. The company also allegedly used a rigged Christmas party charity raffle to funnel bribes to PEMEX officials.
- 2013 PetroTiger**—The oil and gas company allegedly bribed officials from SOE Ecopetrol in Colombia to secure permitting approval for a development contract.
- 2007 NATCO**—The US company's Kazakh subsidiary reportedly ran into trouble with Kazakh immigration authorities regarding the visas of some of its expatriate employees. The company's alleged responses, including making improperly recorded cash payments of fines and providing cash to an intermediary entrusted with handling the issue were found to have violated the books and records provisions of the FCPA.
- 2004 ABB Vetco Gray**—Subsidiaries allegedly paid more than USD 1 million to government officials in Nigeria, Angola, and Kazakhstan. Payments were made to gain insider information on tenders or to gain technical approvals from regulators involved in the bidding process.

Recent Anticorruption Enforcement Trends

- US has recently enforced “books and records” violations without alleging specific acts of bribery.
- The UKBA's Section 7 criminalizes “failure to prevent bribery.”
- UKBA and Sapin 2 both have potentially greater jurisdictional reach than FCPA.
- Recent Odebrecht and Rolls Royce cases demonstrate growing international cooperation.
- US regulators increasingly refer cases outside FCPA jurisdiction to foreign governments.

Top 15 Global Petroleum Producers	Transparency International Score	World Bank Corruption Score
United States	75	89
Saudi Arabia	49	63
Russia	29	19
Canada	82	95
China	41	49
Iran	30	26
Iraq	18	6
UAE	71	88
Brazil	37	38
Kuwait	39	50
Mexico	29	23
Venezuela	18	7
Nigeria	27	13
Norway	85	98
Qatar	63	80

Mitigating Third-Party Risks with Due Diligence



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