

Case study

An Australian property developer was investigated for allegations of foreign bribery in relation to the sale of newly developed apartment complex. The property was sold to a foreign state-owned enterprise for A\$22.6m, inflated from its true value of AU\$17.85m.

AUD \$4.75 million in funds from the inflated sale were distributed to foreign public officials. False invoices were made out for 'consultancy and advisory fees', 'advertising and promotions', as well as 'marketing and professional advice.'

The developer was charged with foreign bribery and multiple false accounting offences and about AU\$1.6 million in assets were restrained. Each offence charged carried a maximum penalty of 10 years imprisonment.

The developer ultimately plead guilty to rolled up charges of false accounting and was given a suspended sentence of 21 months imprisonment.

In this example numerous indicators of foreign bribery were evident that could have been identified through due diligence measures.



Indicators of foreign bribery included



Conduct

- Uses third party agents or consultants
- Regularly creates new companies or businesses which are only registered, or registered in their name, for a short time
- Makes unexplained large payments to overseas third parties or consultants
- Makes payments to offshore accounts or shell companies
- Is linked to requests to make payments through third parties or to unrelated accounts



Govt affiliations

- Business involves foreign government contracts



Country links

- Has links to a country with a Tax Haven Index > 70
- Has links to a PEP linked to a foreign company
- Has links to a PEP who owns real estate in a foreign country
- Incorporated in a country with no real connection to that country



Registration information

- Is a shell company or uses shell companies



Other associations

- Is a PEP, or has links to a PEP, whose wealth greatly exceeds their public service salary
- Has frequent unmonitored interactions with a PEP or PEPs.