

Corruption & Bribery

OECD LATIN AMERICA ACADEMY FOR TAX
AND FINANCIAL CRIME INVESTIGATION

web: www.ciregistry.ky

email: Laura.Alleyne@gov.ky

Senior Compliance Officer
Ministry of Financial Services and Commerce
General Registry
Cayman Islands
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Introduction

Corruption whether perceived or factual has a debilitating effect on societies: political landscape, economic sustainability, innovation, criminal activity, organized crime and economic, social and governance (ESG) policies to name some.

Notwithstanding the anti-corruption legislative framework implemented globally there are several corruption scandals unfolding on the world stage including: Russia/Ukraine war, associated with the Covid 19 pandemic.

Although there are no actual figures to pin point the magnitude of corruption the World Bank estimates that corruption can be between 2% -5% of global GDP.

What is Corruption & Bribery

The use of an official position or public office for personal benefit. Corruption includes bribery which is a form of corruption.

Bribery is a payment to facilitate a quicker, easier and more favourable outcome. It is an inducement (money, gift or reward) to engage in illegal and dishonest behavior to benefit someone providing them with an unfair advantage.



Corruption Equation

Expenditure of public money

Minus – Accountability

Minus – Transparency

Equals – Corruption

(Afra Raymond Ted Talks)

Factors Contributing to Corruption

1. Regulations which give rise to absolute authority for approval of public procurement activities and the use of public office to obtain bribes to provide approvals;
2. Antiquated laws which are not operationalized or enforced.
3. Broad discretion by public officials.
4. Circumvention of policies through bribes.
5. Globalization and privatization.
6. Lack of transparency and accountability.
7. Political Party Campaign financing(secretcy)
8. Lack of political will to do the right thing



Causes of Corruption

- Measure of economic competition
- Weak legislative framework for anti-corruption
- History, culture and values
- Poor Governance
- Ineffective judicial system
- Absolute authority
- Privatization and globalization
- Poor governance
- Growth of International Trade (bribes euphemistically called commissions)

Impact of Corruption

Legislative	Laws not properly implemented and only apply to those who cannot pay bribes.
Economic	Economic: increased transaction costs, less FDI, unfair distribution of wealth, decline in economic growth.
Political	Abuse of Authority
Social	Social discrimination
Systemic	Facilitates decisions which are contrary to the legitimate, logical, fair governance process

Corruption Prevention

Individual:

- Holding public offices to account
- Taking personal responsibility
- Refuse to pay bribes
- Insist on following due process and abiding by sound morals and principles

Economy:

- Governance Framework
- Public procurement supervision
- Comprehensive strategy including technologies to fight crime
- International corporation e.g. bribery is now a crime in all 41 parties to the OECD Anti-bribery convention and Exchange of Information for tax purposes
- Robust legislative framework
- Access to beneficial ownership information
- Effective whistle blower legislation
- Dissuasive sanctions for corruption
- Tax Reform
- Freedom of information
- Independency of the judiciary
- Implementation of Anti-corruption legislation
- Exchange of Information
- Reformation of leadership, independence, good governance and integrity
- Public ethics, disclose of conflicts of interest exercising restraint

Cases Study

AT&T Unit settles criminal bribery case as former executive indicted (source Bloomberg October 14 2022)

- AT&T agreed to pay \$23M to resolve a criminal investigation in which a former executive was charged with paying bribes to long time Illinois house speaker Michael Madigan. The bribes were paid to the House Speaker to support a bill AT&T favoured.
- In a response AT&T issued a lessons learned document which provided feedback about the utility's relationship with the Speaker.



Conclusion

As the world faced global chaos from the Taliban's take over of Afghanistan, the 7.2 magnitude earthquake in Haiti and more recently the Russia Ukraine war, corruption is ever present and greed continues to drive bribery and other methods of corruption:

- Corruption infiltrates Covid 19: Falsification of vaccination certificates
- Sale of negative Covid 19 test certificates for travel
- Fake test kits
- Fake vaccines
- Embezzlement of Covid 19 funds by public officials (former Minister of Health from the Democratic Republic of Congo)



Questions & Answers

