

# FCPA Update

December 2013 ■ Vol. 5, No. 5

## Weatherford International Enters the FCPA Top Ten List with \$152.5 Million in Fines and Penalties

On November 26, the Securities and Exchange Commission (“SEC”)<sup>1</sup> and the Department of Justice (“DOJ”)<sup>2</sup> announced settlements with Weatherford International Limited (“Weatherford”) and its subsidiary, Weatherford Services Limited (“WSL”), involving a wide variety of FCPA violations in Africa, the Middle East and Europe occurring from 2000 to 2011. The settlements – involving a financial resolution of \$152.5 million for FCPA violations, the imposition of a monitor for 18 months and an additional 18 months self-reporting obligation – were part of a \$252 million global settlement between Weatherford and several of its subsidiaries and the U.S. government for violations of the FCPA and U.S. sanctions laws prohibiting certain transactions with Cuba, Iran, Syria and Sudan.

Weatherford is a Swiss oil equipment and services corporation. Prior to 2009, Weatherford’s headquarters was in Houston, Texas, where it still has significant operations. WSL is a wholly-owned subsidiary of Weatherford, incorporated in Bermuda with operations in, among other places, Angola and Congo. As part of the recent resolution, Weatherford entered into a three-year deferred prosecution agreement with the United States,<sup>3</sup> supported by an information detailing criminal violations of the FCPA’s internal controls requirements.<sup>4</sup> Weatherford also settled a civil complaint brought by the SEC.<sup>5</sup> Separately, WSL entered a guilty plea<sup>6</sup> for violating the FCPA’s anti-bribery provisions, as detailed in a criminal information.<sup>7</sup>

CONTINUED ON PAGE 2

1. SEC Press Rel. 2013-252, SEC Charges Weatherford International With FCPA Violations (Nov. 26, 2013), [http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540415694#.UqgE638\\_35x](http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540415694#.UqgE638_35x).
2. DOJ Press Rel. 13-1260, Three Subsidiaries of Weatherford International Limited Agree to Plead Guilty to FCPA and Export Control Violations (Nov. 26, 2013), <http://www.justice.gov/opa/pr/2013/November/13-crm-1260.html>.
3. *United States v. Weatherford International Ltd.*, No. 13 CR 007333, Deferred Prosecution Agreement (S.D. Tex. 2013) [hereafter, “Weatherford Deferred Prosecution Agreement”].
4. *United States v. Weatherford International Ltd.*, No. 13 CR 007333, Information (S.D. Tex. 2013) [hereafter, “Weatherford Information”].
5. *Securities and Exchange Commission v. Weatherford International Ltd.*, No. 4:13-cv-3500, Complaint (S.D. Tex. 2013) [hereafter, “SEC Complaint”].
6. *United States v. Weatherford Services Ltd.*, No. 13 CR 00734, Plea Agreement (S.D. Tex. 2013).
7. *United States v. Weatherford Services Ltd.*, 13 CR 00734, Information (S.D. Tex. 2013) [hereafter, “WSL Information”].

Also in this issue:

**News from the BRICs:**  
Russia Issues Detailed  
Recommendations  
on Compliance  
with Russian Anti-  
Corruption Law

Transparency  
International’s  
2013 Corruption  
Perceptions Index

Click here for an  
index of all *FCPA*  
*Update* articles.

If there are additional individuals within your organization who would like to receive *FCPA Update*, please reply to [ssmichaels@debevoise.com](mailto:ssmichaels@debevoise.com) or [pferenz@debevoise.com](mailto:pferenz@debevoise.com).

Weatherford Int'l Enters the FCPA Top Ten List ■ Cont. from page 1

The differences between the SEC Complaint and the DOJ Informations reflect just how far the FCPA can extend beyond the classic cases of six-figure payments to foreign officials, such as in the context of procurement. The SEC included allegations relating to travel and entertainment, embezzlement, commercial bribery (for the second time in as many months) and a books-and-records charge for violating U.S. sanctions laws. The settlement’s focus on the lack of internal controls at Weatherford and its subsidiaries provides a reminder of the importance of third-party due diligence. It also underlines expectations from the enforcement agencies as to what kind of sensitivity to important red flags and controls are necessary to meet the requirements of 15 U.S.C. § 78m(b)(2)(A) and (B), the internal controls provisions applicable to “issuers” under the 1934 Securities Exchange Act.

**Improper Payments**

The bulk of the improper payments alleged in both the SEC and DOJ settlement documents arise out of transactions in Angola, in an unnamed “Middle Eastern Country”<sup>8</sup> and as part of the Iraqi Oil-for-Food Program. In Angola, WSL made a \$250,000 payment to an official at Sonangol, the Angolan National Oil Company, by entering into a sham contract with a Swiss freight forwarding agent.<sup>9</sup> Also in Angola, WSL formed a joint venture with two companies, selected by Sonangol, owned by relatives of Angolan officials.<sup>10</sup> The joint venture enabled WSL to dominate the market for well screens<sup>11</sup> in Angola, allowing it to obtain information regarding competitors’ bids, charge higher prices than its competitors and have competitors’ contracts revoked.<sup>12</sup> Owners of the joint venture partners eventually received more than \$800,000 in dividends, which were paid in 2008.<sup>13</sup> Senior executives at Weatherford, as well as a senior in-house lawyer, were involved in setting up the joint venture, and the in-house lawyer misled outside counsel, which had asked about potential FCPA risk.<sup>14</sup>

Between 2005 and 2011, Weatherford’s subsidiary in the Middle East paid improper “volume discounts” totaling over \$11 million to a distributor in an unnamed Middle Eastern country. The distributor was recommended to Weatherford’s subsidiary in 2001 by the country’s national oil company, and employees of the subsidiary believed that the volume discounts were used as a slush fund to make payments to officials at the national oil company.<sup>15</sup> The same subsidiary also made payments of just under \$1.5 million to Iraqi officials involved in the Oil-for-Food Program between 2002 and 2003.<sup>16</sup>

CONTINUED ON PAGE 3

8. The reasons for not naming the Middle Eastern country are not disclosed. It is possible that the enforcement agencies did not disclose the country because the investigation is continuing or because of diplomatic issues.
9. WSL Information, note 7, *supra* at ¶¶ 41-46; SEC Complaint, note 5, *supra* at ¶¶ 11-16.
10. WSL Information, note 7, *supra* at ¶¶ 14-36; SEC Complaint, note 5, *supra* at ¶¶ 17-24.
11. A well screen is a filtering device used to keep sediment from entering a water well. See <http://www.weatherford.com/Products/Completion/WellScreens/>.
12. WSL Information, note 7, *supra* at ¶¶ 36-40; SEC Complaint, note 5, *supra* at ¶ 23.
13. WSL Information, note 7, *supra* at ¶ 34; SEC Complaint, note 5, *supra* at ¶ 24.
14. WSL Information, note 7, *supra* at ¶¶ 16, 20-24, 26-29, 31-33; SEC Complaint, note 5, *supra* at ¶¶ 17-24.
15. Weatherford Information, note 4, *supra* at ¶¶ 26-30; SEC Complaint, note 5, *supra* at ¶¶ 28-35.
16. Weatherford Information, note 4, *supra* at ¶¶ 31-34; SEC Complaint, note 5, *supra* at ¶¶ 43-45.

**FCPA Update**

FCPA Update is a publication of Debevoise & Plimpton LLP

919 Third Avenue  
New York, New York 10022  
+1 212 909 6000  
[www.debevoise.com](http://www.debevoise.com)

Washington, D.C. Moscow  
+1 202 383 8000 +7 495 956 3858

London Hong Kong  
+44 20 7786 9000 +852 2160 9800

Paris Shanghai  
+33 1 40 73 12 12 +86 21 5047 1800

Frankfurt  
+49 69 2097 5000

Paul R. Berger Co-Editor-in-Chief +1 202 383 8090 <a href="mailto:prberger@debevoise.com">prberger@debevoise.com</a>	Bruce E. Yannett Co-Editor-in-Chief +1 212 909 6495 <a href="mailto:beyannett@debevoise.com">beyannett@debevoise.com</a>
---	---

Sean Hecker Co-Editor-in-Chief +1 212 909 6052 <a href="mailto:shecker@debevoise.com">shecker@debevoise.com</a>	Andrew M. Levine Co-Editor-in-Chief +1 212 909 6069 <a href="mailto:amlevine@debevoise.com">amlevine@debevoise.com</a>
--	---

Steven S. Michaels Executive Editor +1 212 909 7265 <a href="mailto:ssmichaels@debevoise.com">ssmichaels@debevoise.com</a>	Erich O. Grosz Co-Managing Editor +1 212 909 6808 <a href="mailto:eogrosz@debevoise.com">eogrosz@debevoise.com</a>
---	---

Philip Rohlik Co-Managing Editor +852 2160 9856 <a href="mailto:prohlik@debevoise.com">prohlik@debevoise.com</a>	Erin W. Sheehy Co-Managing Editor +1 202 383 8035 <a href="mailto:ewsheehy@debevoise.com">ewsheehy@debevoise.com</a>
---	---

Noelle Duarte Grohmann Co-Deputy Managing Editor +1 212 909 6551 <a href="mailto:ndgrohmann@debevoise.com">ndgrohmann@debevoise.com</a>	Jane Shvets Co-Deputy Managing Editor +1 212 909 6573 <a href="mailto:jshvets@debevoise.com">jshvets@debevoise.com</a>
--	---

James H. Graham Assistant Editor +1 212 909 6526 <a href="mailto:jhgraham@debevoise.com">jhgraham@debevoise.com</a>	Samantha J. Rowe Assistant Editor +1 212 909 6661 <a href="mailto:sjrowe@debevoise.com">sjrowe@debevoise.com</a>
--	---

Please address inquiries regarding topics covered in this publication to the editors.

All content © 2013 Debevoise & Plimpton LLP. All rights reserved. The articles appearing in this publication provide summary information only and are not intended as legal advice. Readers should seek specific legal advice before taking any action with respect to the matters discussed herein. Any discussion of U.S. Federal tax law contained in these articles was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. Federal tax law.

Please note: The URLs in *FCPA Update* are provided with hyperlinks so as to enable readers to gain easy access to cited materials.

## Weatherford International Enters the FCPA Top Ten List ■ Continued from page 2

In addition to the payments detailed in both the DOJ and SEC documents, the SEC identified in its resolution documents four other sets of improper payments, which evidence the broad reach of FCPA enforcement efforts.

“The inclusion of commercial bribes in the SEC’s Complaint, charged under the books-and-records provisions of the statute, highlights the recent efforts by the U.S. enforcement agencies to use the FCPA’s accounting provisions to punish commercial bribery.”

First, the same Swiss freight forwarding agent used to make payments in Angola was used to pay over \$500,000 in bribes to the subsidiary of an Italian energy company in Congo.<sup>17</sup> The inclusion of commercial bribes in the SEC’s Complaint, charged under the books-and-records provisions of the statute, highlights the recent efforts by the U.S. enforcement agencies to use the FCPA’s accounting provisions to punish commercial bribery, as illustrated in the Diebold settlement.<sup>18</sup> Unlike in Diebold, in which the commercial bribery was unrelated

to violations of the anti-bribery provisions, the commercial bribery in the SEC’s Weatherford complaint appears to relate directly to one of the public bribery schemes in Angola.

Second, as in numerous recent FCPA resolutions, the SEC chose to detail improper travel<sup>19</sup> and entertainment provided to officials at Sonatrach, the Algerian national oil company. These included a trip to the World Cup in Germany in 2006, a honeymoon trip for the daughter of an official and a family trip to Saudi Arabia, as well as cash support paid to Sonatrach officials visiting Houston. These payments totaled \$35,260 between 2005 and 2008.<sup>20</sup>

Third, between 2001 and 2006, two executives of Weatherford’s Italian subsidiary embezzled over \$200,000 of company funds. After being confronted by a co-worker, the executives drafted a memorandum claiming that \$41,000 of these funds was used to bribe Albanian tax officials. The executives also provided laptops to executives of the Albanian National Petroleum Agency at the subsidiaries’ expense.<sup>21</sup> All of this activity, according to the SEC, violated the internal controls provisions of the FCPA. By including these embezzlement allegations in a complaint already chock-full of serious corruption issues, the SEC is sending the message that companies need to view embezzlement cases as presenting significant internal controls issues that will be evaluated in the context of FCPA investigations.

Finally, the DOJ, assisted by several other federal agencies, including the Office of Foreign Assets Control, brought separate charges against Weatherford for violations of U.S. sanctions laws. The SEC included related allegations in its FCPA complaint as part of a recitation of evidence that Weatherford covered up sanctions violations and falsified Weatherford’s books and records.<sup>22</sup>

### Internal Controls

Weatherford’s DPA defers criminal prosecution for violating the internal controls provisions of the FCPA. The Weatherford Information begins with six paragraphs detailing these internal control failures, and the SEC Complaint highlights these failures throughout its Complaint. Most of these introductory paragraphs detailing internal controls deficiencies in the Weatherford Information begin with the phrase “Prior to 2008.”<sup>23</sup> Given the industry and jurisdictions in which Weatherford was operating, stronger controls might have been expected to have been in place in the pre-2008 period. However, as has been pointed out elsewhere,<sup>24</sup> many companies have drastically improved internal controls in the wake of the focus on FCPA enforcement beginning around the time of the Siemens investigation in 2007 and 2008. That said, the focus on internal controls in the various

CONTINUED ON PAGE 4

17. SEC Complaint, note 5, *supra* at ¶¶ 25-27.

18. See Paul R. Berger, Sean Hecker, Andrew M. Levine, Bruce E. Yannett and Philip Rohlik, “The Government’s \$48 Million ATM Withdrawal: Is it Time to Start Sweating Again,” *FCPA Update*, Vol. 5, No. 3 (October 2013), <http://www.debevoise.com/fcpa-update-10-30-2013/>.

19. SEC Complaint, note 5, *supra* at ¶ 36.

20. *Id.* at ¶¶ 36-38.

21. *Id.* at ¶¶ 39-42.

22. *Id.* at ¶¶ 46-51.

23. *Id.* at ¶¶ 10-14.

24. *Of Note from the Weatherford Enforcement Action*, FCPA PROFESSOR, (Dec. 3, 2013), <http://www.fcpaprofessor.com/of-note-from-the-weatherford-enforcement-action>.

## Weatherford International Enters the FCPA Top Ten List ■ Continued from page 3

Weatherford settlement documents provides a reminder, in unusual detail, about the kinds of controls the enforcement agencies now expect and the red flags to which companies should be attuned. Some of the more noteworthy details from the settlement documents include:

- **The importance of a dedicated compliance officer and compliance personnel**, at least for large complex companies with substantial risk profiles.<sup>25</sup> Although it might be acceptable for small or simply structured companies to overlap the legal and compliance function, Weatherford suggests that a division of duties, if not independent reporting lines, is expected in larger companies operating in higher risk markets.
- **Effective third-party due diligence** relating to the ownership of third parties, the business justification for retaining the third party and screening for “derogatory information” about the third party.<sup>26</sup> The Information refers to a failure of controls concerning diligence on “appropriate third parties,”<sup>27</sup> recognizing the need for a risk-based approach to due diligence. An example of “red flags” that would require diligence is provided in the

settlement documents. No due diligence was done on the distributor in the unnamed Middle Eastern country, “despite: (a) the fact that the Distributor would be furnishing Weatherford goods directly to an instrumentality of a foreign government; (b) the fact that a foreign official had specifically directed [Weatherford’s subsidiary] to contract with that particular distributor, and (c) the fact that executives at [the subsidiary] knew that a member of the country’s royal family had an ownership interest in the distributor.”<sup>28</sup>

Similarly, no due diligence was done on the freight agent used in Angola and Congo, even though the freight agent flatly refused to sign a contract including “an FCPA clause prohibiting the Freight Forwarding Agent from giving anything of value, directly or indirectly, to an official or employee of any government,” a clear red flag.<sup>29</sup>

- **Effective due diligence on joint venture partners.** In its joint venture in Angola, Weatherford partnered with companies owned by relatives of government officials who did not appear to bring expertise, funds or equipment to the joint venture.<sup>30</sup> On two occasions, Weatherford executives

appear to have discouraged internal counsel’s suggestions that due diligence was needed.<sup>31</sup> Another internal counsel is alleged to have deliberately misled outside counsel, by suggesting that due diligence on the joint venture partners was necessary but not undertaking any.<sup>32</sup> These allegations of deliberately avoiding due diligence and misleading outside counsel are arguably the most serious internal controls allegations in the Weatherford Information.<sup>33</sup>

- **Effective limits of authority.** The volume discounts paid to the distributor in the unnamed Middle Eastern country caused some of these transactions to breach the dollar limits Weatherford imposed on the employees of its subsidiaries with respect to the authorization of transactions. Nevertheless, Weatherford (apparently without further investigation) permitted the payments.<sup>34</sup>
- **Effective internal reporting mechanisms.** On two occasions, employees of Weatherford’s subsidiaries reported improper conduct and were subsequently fired or transferred without any investigation.<sup>35</sup>

CONTINUED ON PAGE 5

25. Weatherford Information, note 4, *supra* at ¶ 13.

26. *Id.* at ¶ 10.

27. *Id.*

28. *Id.* at ¶ 27; SEC Complaint, note 5, *supra* at ¶ 29.

29. WSL Information, note 7, *supra* at ¶ 45; SEC Complaint, note 5, *supra* at ¶ 14.

30. Weatherford Information, note 4, *supra* at ¶ 21; SEC Complaint, note 5, *supra* at ¶ 18.

31. SEC Complaint, note 5, *supra* at ¶¶ 19, 21.

32. Weatherford Information, note 4, *supra* at ¶ 19.

33. See 15 U.S.C. § 78m(b)(4) & (5) (reserving criminal liability under the books and records and internal controls provisions for “knowingly circumvent[ing] or knowingly fail[ing] to implement a system of internal accounting controls.”). See *Global-Tech Appliances v. SEB S.A.*, 131 S. Ct. 2060, 2071 (2011) (willful blindness requires “active efforts ... to avoid knowing” such as a “decision not to inform an attorney” of relevant facts).

34. SEC Complaint, note 5, *supra* at ¶ 34.

35. *Id.* at ¶ 40 (Embezzlement by Italian executive); WSL Information, note 7, *supra* at ¶ 43.

## Weatherford International Enters the FCPA Top Ten List ■ Continued from page 4

**Weatherford and Diebold:  
How to make sense of the fines?**

The \$152 million in fines and penalties paid by Weatherford make it the eighth largest FCPA settlement in history. Although the monetary resolution is objectively large, comparing it to the monetary resolution in another recent enforcement action points to the difficulty of ascertaining the logic of penalty determinations.

Weatherford paid at least \$13 million in bribes in Algeria, Iraq and the unnamed Middle Eastern country, including six figure sums to clearly identified foreign officials, and allegedly earned profits of \$54 million as a result of the bribes.<sup>36</sup> The numbers are slightly higher if the SEC's allegations of commercial bribery, travel for Algerian officials and payments to Albanian tax inspectors are included. As a multiple of bribes paid, Weatherford's fine is less than the fine imposed in the Diebold DPA in October for ostensibly less blatant behavior.<sup>37</sup> Moreover, unlike Diebold, Weatherford apparently did not self-report,<sup>38</sup> and, at least initially, its employees actively impeded the investigation, earning it a \$1.875 million penalty assessed by the SEC.<sup>39</sup>

Part of the difference in proportion between Weatherford and Diebold is the fact that Weatherford's DPA relates only to books-and-records violations while Diebold's involved both conspiracy and accounting provisions charges, resulting in different mathematical calculations under the U.S.

Sentencing Guidelines.<sup>40</sup> The Sentencing Guidelines calculus is, however, of limited value in explaining the difference between the two penalties, as the number of charges is a factor largely within the enforcement agencies' discretion. Another potential reason for the apparent comparatively harsher penalty for Diebold is the fact that one of Weatherford's subsidiaries pleaded guilty to a criminal anti-bribery charge, potentially exposing that subsidiary to more severe collateral consequences.<sup>41</sup>

“[T]he Weatherford settlement, like other recent settlements, is a disposition in which facts are included in the allegations or information without an explanation as to why they are relevant.”

**Other Causes for Concern**

Beyond the lack of transparency in the calculations that led to the financial resolution – a recurring feature of settled FCPA matters – the Weatherford settlement, like other recent settlements, is a disposition in which facts are included

in the allegations or information without an explanation as to why they are relevant, potentially creating even more confusion as to what is or is not acceptable from the enforcement agencies' point of view.

First, in at least one instance, the travel-related allegations raise serious questions about whether the U.S. government adequately distinguishes between proper and improper travel arrangements. The WSL Information mentions travel in connection with the Angolan joint venture, when Weatherford and WSL employees met with the Angolan officials in Paris. WSL provided the Angolan attendees travel and accommodation for that meeting at which the joint venture agreement was discussed.<sup>42</sup> This presumably does not mean that covering a joint venture partner's travel and accommodation expenses for a legitimate business meeting is an improper payment. It is possible to infer from the information that the entire joint venture was a sham and that the government included the cost of the travel in the amounts received by the Angolan officials. However, there is no such explanation in the Information, merely a statement that travel and accommodation were paid for, injecting even more confusion in an area where it already abounds.

Second, the government's recitation of the evidence pertaining to Weatherford's distributor in the unnamed Middle Eastern country also lacks clarity. As noted, both the SEC and DOJ specifically list part

CONTINUED ON PAGE 6

36. Weatherford Deferred Prosecution Agreement, note 3, *supra* at ¶ 6.

37. Berger et al., note 18, *supra*.

38. Weatherford Deferred Prosecution Agreement, note 3, *supra* at ¶ 4. Self-reporting is not listed among the “Relevant Considerations” in the DPA.

39. SEC Charges Weatherford International With FCPA Violations, note 1, *supra*.

40. Compare, Weatherford Deferred Prosecution Agreement, note 3, *supra* at ¶ 6 with *United States v. Diebold*, No. 5:13-cr-00464, Deferred Prosecution Agreement, (N.D. Ohio 2013) at ¶6.

41. Finally, the Weatherford FCPA enforcement action was part of a global settlement of FCPA and sanctions violations involving four different government agencies and an additional \$100 million in penalties for sanctions violations.

42. WSL Information, note 7, *supra* at ¶ 33.



## Weatherford International Enters the FCPA Top Ten List ■ Continued from page 5

ownership of the distributor by a member of the royal family as a red flag (along with selection by an instrumentality) requiring more due diligence. However, there is nothing in the Information or Complaint to suggest that payments to the distributor were themselves bribes paid to the owner/member of the royal family. Rather, both documents state that it was the volume discounts that were used to create slush funds to bribe decision makers at the national oil company.<sup>43</sup> Just last year, the DOJ issued Opinion Release 12-01 stating that the mere fact of membership in a royal family does not make one a “foreign official.”<sup>44</sup> As a result, although no such explanation appears in the resolution documents, one could conclude that, even though ownership of a third party by relatives of a foreign official does not automatically render the third party inappropriate, in most cases it would demand further due diligence and even more stringent controls than might have been thought reasonable before the Weatherford settlements to deal with the risk that an official’s relative who receives payments is somehow a conduit to an official.

It is also unfortunate that more information regarding the “FCPA clause prohibiting the freight forwarding agent from giving anything of value, directly or indirectly, to an official or employee of any government,”<sup>45</sup> which was rejected by the Swiss freight forwarder in Angola, was not included in the settlement documents. It

is alleged that the freight agent refused to accept the clause “in view of the nature of the business.”<sup>46</sup> However, there are often legitimate or explainable objections to FCPA clauses (for example when a clause specifically mentions the FCPA and the objecting party believes it is not subject to the statute or, in many civil law jurisdictions, simply a belief that such clauses are too long and complex) and ways to draft around such objections (such as removing the specific reference to the FCPA and replacing it with the operative statutory language). This lack of explanation is compounded by the fact that both the SEC and DOJ quote the language that eventually was included in the contract as “simply requiring the agent ‘to comply with all applicable laws, rules and regulations issued by any governmental entity in the countries of business involved.’”<sup>47</sup> The context of the quote suggests that the enforcement agencies believe that a general “compliance with law” clause is insufficient, even though, in this case, both parties appear to have been well aware of the true nature of the transaction and both the original and replacement clauses were intended to be ignored. This arguably amounts to elevating form over substance.<sup>48</sup>

### Conclusion

The Weatherford settlements, which bring total 2013 FCPA financial resolutions to well in excess of the half billion dollar mark, illustrate once again the risks of

enforcement by U.S. regulators, who remain, notwithstanding recurring political gridlock in Washington, DC, the most well-funded enforcement group among all major nations that have adopted transnational anti-bribery regimes. While the size of the resolution given the industry and the jurisdictions affected is not surprising, the details of several key features of the settlements, including those pertaining to travel and entertainment, the role of royal families in the Middle East, and the level of detail at which the government will assess retroactively the sufficiency of compliance documentation, make the settlement a sobering read for compliance personnel.

**Sean Hecker**

**Andrew M. Levine**

**Philip Rohlik**

*Sean Hecker and Andrew M. Levine are partners in the New York office and Philip Rohlik is a counsel in the Hong Kong office. They are members of the Litigation Department and the White Collar Litigation Practice Group. The authors may be reached at [shecker@debevoise.com](mailto:shecker@debevoise.com), [amlevine@debevoise.com](mailto:amlevine@debevoise.com), and [prohlik@debevoise.com](mailto:prohlik@debevoise.com). Full contact details for each author are available at [www.debevoise.com](http://www.debevoise.com).*

43. Weatherford Information, note 4, *supra* at ¶¶ 26-30; SEC Complaint, note 5, *supra* at ¶¶ 28-35.

44. DOJ Opinion Procedure Rel. 12-01, Foreign Corrupt Practices Act Review (Sept. 18, 2012), <http://www.justice.gov/criminal/fraud/fcpa/opinion/2012/1201.pdf>.

45. WSL Information, note 7, *supra* at ¶ 45.

46. *Id.*

47. *Id.* at ¶ 45; SEC Complaint, note 5, *supra*, at ¶14.

48. Although it is generally clear why the government viewed as a red flag the objection to a compliance clause containing an express reference to the FCPA, it is worth underscoring that a broad “compliance with law” clause sometimes can be sufficient. This is especially the case if the laws at issue include local conflict of interest or anti-gratuity regulations and if such general language is accompanied by robust audit rights that are subsequently exercised and if the findings of such audits are promptly acted upon.

## NEWS FROM THE BRICS

# Russia Issues Detailed Recommendations on Compliance with Russian Anti-Corruption Law

In April 2013, *FCPA Update* reported on the adoption of the new Article 13.3 to the Russian Anti-Corruption Law,<sup>1</sup> which requires all companies in Russia to develop and adopt measures aimed at preventing corruption.<sup>2</sup> Although Article 13.3 lists six broadly defined measures that companies may develop and adopt, it does not elaborate on the steps companies should take to implement those measures. In the April 2013 article, we recommended that, in deciding how to implement the Article 13.3 measures, companies should use anticorruption policies established to comply with the FCPA and the UKBA as a guide, and provided specific advice on doing so.

This recommendation receives support in the recently issued guidance of the Russian Ministry of Labor and Social Protection of the Russian Federation (“Ministry of Labor”). On November 8, 2013, the Ministry of Labor, in close cooperation with the Chamber of Commerce and Industry and various business associations, adopted Recommendations on the Development and Adoption by Organizations of Measures Aimed at Counteracting Corruption (the “Recommendations”).

The 77 pages of the Recommendations set forth a list of policies, procedures, and control measures that companies

may consider implementing to comply with Article 13.3, and introduce to the Russian legal landscape anticorruption compliance concepts that will be familiar to companies subject to the FCPA and the UKBA. Specifically, the Recommendations focus on the following aspects of a robust anticorruption compliance program:

- (i) “Tone at the top” or, to use the language of the Recommendations, “the principle of personal example of the management,” including the key role of the management in creation of a “culture of intolerance of corruption”;
- (ii) Tailoring of anticorruption procedures to the level of corruption risk in a particular company or business division or process of that company;
- (iii) Disciplinary consequences for violation of anticorruption policies, regardless of the seniority of the relevant employee; and
- (iv) Continuous internal control over, and regular monitoring of, the effectiveness of compliance standards and procedures and their implementation.

The Recommendations go beyond these general principles and provide a detailed, step-by-step guide to their implementation and testing. For example, the Recommendations advise that a company’s compliance officers (or other individuals responsible for anticorruption

compliance) be given sufficient authority within the organization to be able to enforce compliance policies among the company’s senior management. They also provide a comprehensive list of anticorruption procedures that a company may undertake, including various types of anticorruption training for employees (depending on their roles within the company) and internal and external audits of anticorruption policies.

The Recommendations – which also include advice on corruption risk assessment and third-party due diligence – provide a welcome clarification of Article 13.3, and have been called a “self-help guide on anti-corruption” for companies operating in Russia. Companies also subject to the FCPA and the UKBA will be relieved to learn that they need not significantly alter their approach to anticorruption compliance to comply with the Russian law, although they should make sure they follow all the formal procedural steps set out in the Recommendations and elsewhere in applicable Russian laws.<sup>3</sup>

Although the Recommendations do not specifically refer to foreign anti-corruption regimes as a model, the similarity between the Recommendations’ advice and that articulated by the U.S. and U.K. governments is not accidental. As the Russian Minister of Labor stated, the Recommendations were based on

CONTINUED ON PAGE 8

1. Federal Law No. 273-FZ on Combating Corruption, dated December 25, 2008 (“Russian Anti-Corruption Law”); Federal Law No. 231-FZ on Amendment of Certain Legal Acts of the Russian Federation in Connection with the Adoption of the Law on Oversight of Conformity Between Expenditures and Income, dated December 3, 2012.
2. Paul R. Berger, Dmitri V. Nikiforov, Bruce E. Yannett, Jane Shvets & Anna V. Maximenko, “Anticorruption Compliance Programs Under Russian Law: Article 13.3 and the FCPA/UKBA Experience,” *FCPA Update*, Vol. 4, No. 9 (Apr. 2013), <http://www.debevoise.com//FCPA-Update-04-29-2013>.
3. *See id.*

## Russia Issues Detailed Recommendations ■ Continued from page 7

the “best foreign and Russian corporate practices.”<sup>4</sup> In fact, the Recommendations are the first official confirmation from the Russian government that explicitly states that companies operating in Russia can be subject to foreign anticorruption laws, including the FCPA and the UKBA specifically. This further emphasizes the trend, on which we reported earlier,<sup>5</sup> of the harmonization of the Russian anticorruption legal regime with that of other countries.

How (and if) the Russian anticorruption regime, including Article 13.3, will be enforced remains to be seen, given that there have been no cases to date invoking the Article. Recent signals from the Russian government, however, suggest that it intends to step up its anticorruption enforcement<sup>6</sup> and focus on alleged bribe-givers in particular. In fact, the number of cases against bribe-givers, as opposed to government officials

accused of taking bribes, increased by 45% in 2013.<sup>7</sup> Further, on October 30, 2013, in anticipation of the issuance of the Recommendations, President Putin emphasized the applicability of the Russian Anti-Corruption Law to commercial organizations, noting that “the business ... in some cases ... incite[s] authorities to corrupt practices in an attempt to resolve its own business interests.”<sup>8</sup>

Like the six anticorruption measures listed in Article 13.3, the Recommendations are not legally binding, and the Russian Minister of Labor emphasized that they should be right-sized depending on the size and nature of a particular business.<sup>9</sup> Nevertheless, given that companies seeking to defend against administrative liability must prove that they undertook “all possible measures” to ensure compliance<sup>10</sup> and in light of the recent emphasis on enforcement against bribe-givers, it would be prudent for companies subject to Russian Anti-

Corruption Law carefully to review the Recommendations and follow them to the extent reasonable and practicable.

**Dmitri Nikiforov**  
**Bruce E. Yannett**  
**Anna V. Maximenko**  
**Jane Shvets**

*Dimitri Nikiforov is a partner and Anna V. Maximenko is an associate in the Moscow office. They are members of the Corporate Department. Bruce E. Yannett is a partner and Jane Shvets is an associate in the New York office. They are members of the Litigation Department and the White Collar Litigation Practice Group. The authors may be reached at [dvnikiforov@debevois.com](mailto:dvnikiforov@debevois.com), [beyannet@debevoise.com](mailto:beyannet@debevoise.com); [avmaximenko@debevoise.com](mailto:avmaximenko@debevoise.com), and [jshvets@debevoise.com](mailto:jshvets@debevoise.com). Full contact details for each author are available at [www.debevoise.com](http://www.debevoise.com).*

4. “Mintrud dal biznesu rekomendatsii po razrobotke i prinyatiyu antikorrupsionnykh mekhanizmov,” *Ekonomika i Zhizn'* (Nov. 18, 2013), [www.eg-online.ru/news/230935](http://www.eg-online.ru/news/230935).

5. See Berger et al., note 2, *supra*.

6. The Kremlin recently has taken on the role of the principal anticorruption enforcer, with President Putin's establishment of the Anticorruption Division under his personal jurisdiction. Presidential Order No. 878 on Administration of the President of Russian Federation on Combating Corruption, dated December 3, 2013.

7. See, e.g., Daria Feofanova, “Genprokuror Yuri Chaika otchitalsya o bor'be s korrupsiei v Rossii,” *Chelovek i Zakon* (Nov. 27, 2013), <http://chelovek-online.ru/zakon/article/politika/genprokuror-yuriy-chayka-otchitalsya-o-borbe-s-korrupsiey-v-rossii>.

8. Ivan Rodin, “Bor'ba s korrupsiei perekhodit v chastnyi sektor,” *Nezavisimaya Gazeta* (Nov. 13, 2013), [http://www.ng.ru/politics/2013-11-13/6\\_corruption.html](http://www.ng.ru/politics/2013-11-13/6_corruption.html).

9. See note 4, *supra*.

10. See Berger, note 2, *supra*.



# Transparency International's 2013 Corruption Perceptions Index

Transparency International recently released its 2013 Corruption Perceptions Index (“CPI”), which ranks countries based on “perceived levels of public sector corruption.” Despite ongoing anti-corruption enforcement efforts worldwide and growing attention to corruption risks, the CPI showed few significant year-over-year changes and little overall improvement in transparency. Once again, more than two-thirds of the 177 countries ranked in 2013 scored below 50 on a scale of 0 (“highly corrupt”) to 100 (“very clean”).<sup>1</sup>

The CPI remains a “ubiquitous” benchmark for anti-bribery compliance professionals and is “cited widely by both the private and public sectors to assess corruption risks across the globe.”<sup>2</sup> It measures the perception of corruption and is not a statistical measure of arrests, prosecutions, or even the frequency of alleged bribery or the size of alleged bribes. Specifically, the CPI aggregates data from thirteen international surveys of local governance, economic and investment risk, and executive opinion.<sup>3</sup> These surveys consider factors such as government accountability and sustainability and

enforcement of anti-corruption laws. Because Transparency International changed its methodology last year to include a 0 to 100 scale, year-over-year comparisons using a purportedly consistent methodology are possible only from 2012 forward.<sup>4</sup>

This article first digests the new figures reported in the CPI and then considers ways in which multinational firms can best leverage these figures. Although the CPI remains an important touchstone, companies striving to develop best-in-class compliance programs must recognize the limitations and drivers underlying the CPI rankings, while appreciating the importance of carefully reviewing a company’s particular circumstances in conducting risk assessments and allocating compliance resources.

## I. The 2013 TI CPI Scores and Rankings

As in 2012, the 2013 CPI is based on data for each country and offers a region-by-region comparison based on the number of countries scoring below 50 out of 100. Although there are inherent limitations

in attempting to draw conclusions from differences in survey data from one year to the next, several patterns emerge.

The rankings for the European Union and Western Europe remained unchanged, with only 23% of countries in that region scoring below 50 out of 100.<sup>5</sup> However, the rankings of several European countries continued to fluctuate as a result of the financial crisis and government responses to it. Greece, one of 2012’s biggest decliners, improved by fourteen spots, tying China for 80th place in the rankings after being ranked 94th in 2012.<sup>6</sup> Finn Heinrich, the lead researcher on the CPI at Transparency International, credited the government in Athens with “tackling corruption head-on” through “high-profile prosecutions.”<sup>7</sup> Spain, on the other hand, slipped ten places from a rank of 30th in 2012 to 40th in 2013, after seeing its score decrease by six points to 59 out of 100.<sup>8</sup> Transparency International noted that Spain’s “politicians, royal family and companies continue to be embroiled in allegations of graft, all while the country continues to suffer from recession and mass emigration.”<sup>9</sup>

CONTINUED ON PAGE 10

1. See Transparency International, “Corruption Perceptions Index 2013” at 2 (2013), [http://www.transparency.org/whatwedo/pub/corruption\\_perceptions\\_index\\_2013](http://www.transparency.org/whatwedo/pub/corruption_perceptions_index_2013).

2. Samuel Rubinfeld, “Transparency International Releases First Comparable Corruption Index,” *The Wall Street Journal*, (December 3, 2013), <http://blogs.wsj.com/riskandcompliance/2013/12/03/transparency-international-releases-first-comparable-corruption-index/>.

3. See Transparency International, Corruption Perceptions Index 2013: Full Source Description at 1 (2013), [http://www.transparency.org/files/content/pressrelease/2013\\_CPIsourceDescription\\_EN.pdf](http://www.transparency.org/files/content/pressrelease/2013_CPIsourceDescription_EN.pdf).

4. Rubinfeld, note 2, *supra*; see also Transparency International, “Corruption Perceptions Index 2012” (2012), [http://www.transparency.org/whatwedo/pub/corruption\\_perceptions\\_index\\_2012](http://www.transparency.org/whatwedo/pub/corruption_perceptions_index_2012).

5. Transparency International, note 1, *supra* at 4.

6. See “Greece tackling graft better than Spain,” *Agence France-Presse*, (December 3, 2013), <http://www.globalpost.com/dispatch/news/afp/131203/greece-tackling-graft-better-spain>.

7. *Id.*

8. *Id.*; Transparency International, note 1, *supra* at 3.

9. Transparency International, *CPI 2013: A glimmer of hope in Greece?*, Press Release, (December 3, 2013), <https://blog.transparency.org/2013/12/03/cpi-2013-a-glimmer-of-hope-in-greece/>.

## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 9

The rankings of the Baltic Republics, having joined the E.U. in 2004, posted across-the-board gains, with Estonia's improving from 32nd to 28th; Latvia's improving from 54th to 49th; and Lithuania's rising from 48th to 43rd. The rankings of some of the Balkan states also saw significant improvement, with Serbia's rising from 80th to 72nd; Montenegro's improving from 75th to 67th; and that of

“Sub-Saharan Africa and the Eastern Europe & Central Asia regions continue to be perceived as the most high-risk.”

Croatia, which joined the European Union in July of this year,<sup>10</sup> rising from 62nd to 57th.

Among G20 nations, the United States remained unchanged in rank from last year (19th place). Germany, Japan, Canada, and the United Kingdom continue to rank higher than the United States, with Germany improving in rank from 13th in 2012 to 12th in 2013 (tied with Iceland); Canada remaining unchanged at 9th (tied with Australia); Japan declining from 17th to 18th; and the United Kingdom improving from 17th in 2012 to 14th in 2013.

Elsewhere in the Americas, Ecuador's rank improved 16 spots, moving from tied

for 118th to tied for 102nd (with Moldova, Panama, and Thailand), while Argentina dropped four spots, from tied for 102nd to tied for 106th (with Bolivia, Gabon, and Mexico). Guatemala lost ten spots in rank, from tied for 113th to tied for 123rd. Venezuela and Haiti both improved in rank from tied for 165th in 2012 to tied for 160th and tied for 163rd, respectively, in 2013, but remained at the bottom among countries in the Western hemisphere.

Showing little improvement from last year, the BRIC countries' rankings did not rise above 50 out of 100. Brazil, the highest performing BRIC country, declined slightly in rank from 69th place to 72nd (tying South Africa, Serbia, Bosnia and Herzegovina, and Sao Tome and Principe). China's ranking remained unchanged at 80th place – tied with Greece – while India also remained unchanged at 94th (tied with seven other countries including Algeria and Benin). Russia tied for 127th place in 2013, a slight improvement from its rank of 133rd in 2012, but with an unchanged score at 28 out of 100.

The Middle East and North Africa continue to be extremely high-risk, and the region's rankings declined overall, from 78% of countries having a score below 50 in 2012 to 84% in 2013.<sup>11</sup> The ongoing conflict in Syria has caused its ranking to plunge from 144th in 2012 to 168th in 2013 (tied with Uzbekistan and Turkmenistan), though it still ranked higher than Iraq (171st) and Libya (172nd). Afghanistan and

Somalia tied with North Korea for the worst ranking of all 177 nations surveyed, while Sudan and South Sudan were not far behind at 173rd and 174th, respectively. Pakistan's gain in rank from 139th to 127th may not be as significant as it may appear, given that its score improved by just one point to a mere 28 out of 100. At the same time, as the full table of rankings and scores, below, illustrates, there is no such thing as “standing still” in this context; as countries improve and decline in terms of raw score, and as ties are broken, a country's rank can change dramatically.

Sub-Saharan Africa and the Eastern Europe & Central Asia regions continue to be perceived as the most high-risk, with 90% of all nations in Sub-Saharan Africa – including Somalia (ranked 175th), Zimbabwe (ranked 157th), and the Democratic Republic of the Congo (ranked 154th) – and 95% of all nations in Eastern Europe & Central Asia – including Uzbekistan and Turkmenistan (tied for 168th) and Ukraine (144th) – posting scores well below 50 out of 100.<sup>12</sup>

In the Asia-Pacific region, however, a few nations made modest gains. Laos's score improved five points and its rank improved from 160th in 2012 to 140th in 2013. Myanmar, which recently freed many political prisoners and held what have been generally recognized to be free elections,<sup>13</sup> increased its raw score by six points while increasing its ranking from a near-last 172nd in 2012 to 157th in 2013.

CONTINUED ON PAGE 11

10. See Dan Bilefsky, “Joyous Croatia Joins Europe Amid a Crisis,” *New York Times*, (July 1, 2013), <http://www.nytimes.com/2013/07/02/world/europe/croatia-joins-european-union.html>.

11. Transparency International, note 1, *supra* at 4.

12. *Id.* at 3-4.

13. See “Burma Reforms Bring Easing of U.S. Sanctions,” *CBS News/Associated Press*, (September 27, 2012), <http://www.cbsnews.com/news/burmas-reforms-bring-easing-of-sanctions/>.

## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 10

Meanwhile, the same three countries topped the rankings for the second year in a row, with Denmark and New Zealand tying for 1st for the second-consecutive year and Finland falling slightly to 3rd place. Transparency International noted that, although the top performing nations have shown that “transparency supports accountability and can stop corruption,” better-performing nations still face issues like “state capture, campaign finance and the oversight of big public contracts which remain major corruption risks.”<sup>14</sup>

## II. Right-Sizing the Use of the CPI in Risk Assessments and Allocating Resources

Transparency International's statement that “the abuse of power, secret dealings and bribery continue to ravage societies around the world”<sup>15</sup> is borne out in the daily barrage of news items documenting allegations of corruption in developed and developing countries alike. Yet the CPI rankings should be only one of several key data points for managers seeking to evaluate corruption risk and, in turn, allocate scarce anti-corruption compliance resources, particularly in multinational firms acting globally.

One issue, for example, that bears emphasis is the incorporation into the CPI rankings of more localized issues of political corruption that may involve wholly local businesses, labor unions, political parties, and other groups, but which may be far removed from the reach of the FCPA, the UKBA, and other transnational regimes. Patterns of local corruption in certain

countries, while almost always relevant to an anti-corruption risk analysis, still have the potential to bias the CPI rankings in ways that reduce their utility to multinational businesses, potentially leading to conclusions that such countries have greater risk than they in fact have for multinationals. Similar distortions in the data from the impact of war, civil unrest, and narco-violence in a number of Middle Eastern and Latin American countries also have the potential to lead to misperceptions of the true business-related corruption risk to the extent that corruption in those nations may be concentrated in regions, or sectors, where multinational corporations do not operate and will not do so for some time.

It also goes without saying that countries with even the highest rankings are not immune to corruption. Countries with high rankings and scores may harbor pockets of governmental activity that are corruption prone yet buried in aggregated statistics. Even large-scale public corruption by multinationals operating in a high-ranked country may remain hidden for years before it is exposed by whistleblowers, government or internal investigations, or journalists. Although the CPI helpfully depends on survey data, like all lagging indicators it also significantly depends on data in the public domain, which in the anti-corruption arena can shift considerably in a short period.

Thus, while companies subject to the FCPA, the UKBA, or other transnational anti-bribery regimes should continue to pay heed to the CPI, those seeking most efficiently to assess compliance risks also

need to assess such matters as: (1) sector risk; (2) business model risk (including the degree to which the firm relies on third parties and the nature of controls over their activities); and (3) the nature and scope of government interactions, not only in connection with winning sales

“[C]ountries with even the highest rankings are not immune to corruption. Countries with high rankings and scores may harbor pockets of government activity that are corruption prone yet buried in aggregated statistics.”

from government customers but also in obtaining zoning and building permits, tax clearances, customs rulings, currency transaction permissions, investment and financing approvals, and a range of other daily decisions from government actors. Firms with business risks associated with non-compliance such as expiring patents, excess capacity, disproportionate sales-based compensation, and limited oversight over sales and supply chain personnel, may well have significant corruption risks even in nations ranked highly in the CPI.

In sum, in the era of “big data,” the CPI rankings remain an important, but (of course) not a sole benchmark for

CONTINUED ON PAGE 12

14. See Transparency International, “Corruption Perceptions Index: Corruption around the world in 2013,” Press Release, (December 3, 2013), [http://www.transparency.org/news/pressrelease/corruption\\_perceptions\\_index\\_corruption\\_around\\_the\\_world\\_in\\_2013#sthash.FYP6JjEn.dpuf](http://www.transparency.org/news/pressrelease/corruption_perceptions_index_corruption_around_the_world_in_2013#sthash.FYP6JjEn.dpuf).

15. *Id.*

Transparency International’s 2013 Corruption Perceptions Index ■ Continued from page 11

evaluating corruption risk. In any event, this year’s lack of movement in many countries’ rankings provides little reason for complacency. Notwithstanding their limitations, the CPI rankings continue at a macro level to make clear that corruption is a serious issue throughout the globe. But for a company over-relying on the CPI rankings, the new figures should be a time

to reflect on the larger question: “What risks might we be overlooking?”

**Sean Hecker**  
**Andrew M. Levine**  
**Steven S. Michaels**  
**Neal S. Shechter**

*Sean Hecker and Andrew M. Levine are partners, Steven S. Michaels is a counsel,*

*and Neal S. Shechter is an associate in the New York office. They are members of the Litigation Department and the White Collar Litigation Practice Group. The authors may be reached at shecker@debevoise.com, amlevine@debevoise.com, ssmichaels@debevoise.com, and nsshecht@debevoise.com. Full contact details for each author are available at www.debevoise.com.*

Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Denmark	1	91	1	90	0	1
New Zealand	1	91	1	90	0	1
Finland	3	89	1	90	-2	-1
Sweden	3	89	4	88	1	1
Norway	5	86	7	85	2	1
Singapore	5	86	5	87	0	-1
Switzerland	7	85	6	86	-1	-1
Netherlands	8	83	9	84	1	-1
Australia	9	81	7	85	-2	-4
Canada	9	81	9	84	0	-3
Luxembourg	11	80	12	80	1	0
Germany	12	78	13	79	1	-1
Iceland	12	78	11	82	-1	-4
United Kingdom	14	76	17	74	3	2
Barbados	15	75	15	76	0	-1
Belgium	15	75	16	75	1	0
Hong Kong	15	75	14	77	-1	-2
Japan	18	74	17	74	-1	0
United States	19	73	19	73	0	0
Uruguay	19	73	20	72	1	1
Ireland	21	72	25	69	4	3
Bahamas	22	71	22	71	0	0
Chile	22	71	20	72	-2	-1
France	22	71	22	71	0	0

\* Rank improves if it declines in value  
 \*\* Score improves if it increases in value

CONTINUED ON PAGE 13

## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 12

## Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores (cont.)

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Saint Lucia	22	71	22	71	0	0
Austria	26	69	25	69	-1	0
United Arab Emirates	26	69	27	68	1	1
Estonia	28	68	32	64	4	4
Qatar	28	68	27	68	-1	0
Botswana	30	64	30	65	0	-1
Bhutan	31	63	33	63	2	0
Cyprus	31	63	29	66	-2	-3
Portugal	33	62	33	63	0	-1
Puerto Rico	33	62	33	63	0	-1
Saint Vincent and the Grenadines	33	62	36	62	3	0
Israel	36	61	39	60	3	1
Taiwan	36	61	37	61	1	0
Brunei	38	60	46	55	8	5
Poland	38	60	41	58	3	2
Spain	40	59	30	65	-10	-6
Cape Verde	41	58	39	60	-2	-2
Dominica	41	58	41	58	0	0
Lithuania	43	57	48	54	5	3
Slovenia	43	57	37	61	-6	-4
Malta	45	56	43	57	-2	-1
Korea (South)	46	55	45	56	-1	-1
Hungary	47	54	46	55	-1	-1
Seychelles	47	54	51	52	4	2
Costa Rica	49	53	48	54	-1	-1
Latvia	49	53	54	49	5	4
Rwanda	49	53	50	53	1	0
Mauritius	52	52	43	57	-9	-5
Malaysia	53	50	54	49	1	1
Turkey	53	50	54	49	1	1
Georgia	55	49	51	52	-4	-3
Lesotho	55	49	64	45	9	4
Bahrain	57	48	53	51	-4	-3
Croatia	57	48	62	46	5	2
Czech Republic	57	48	54	49	-3	-1

\* Rank improves if it declines in value

\*\* Score improves if it increases in value

CONTINUED ON PAGE 14



## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 13

## Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores (cont.)

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Namibia	57	48	58	48	1	0
Oman	61	47	61	47	0	0
Slovakia	61	47	62	46	1	1
Cuba	63	46	58	48	-5	-2
Ghana	63	46	64	45	1	1
Saudi Arabia	63	46	66	44	3	2
Jordan	66	45	58	48	-8	-3
Macedonia (FYR)	67	44	69	43	2	1
Montenegro	67	44	75	41	8	3
Italy	69	43	72	42	3	1
Kuwait	69	43	66	44	-3	-1
Romania	69	43	66	44	-3	-1
Bosnia and Herzegovina	72	42	72	42	0	0
Brazil	72	42	69	43	-3	-1
Sao Tome and Principe	72	42	72	42	0	0
Serbia	72	42	80	39	8	3
South Africa	72	42	69	43	-3	-1
Bulgaria	77	41	75	41	-2	0
Senegal	77	41	94	36	17	5
Tunisia	77	41	75	41	-2	0
China	80	40	80	39	0	1
Greece	80	40	94	36	14	4
Swaziland	82	39	88	37	6	2
Burkina Faso	83	38	83	38	0	0
El Salvador	83	38	83	38	0	0
Jamaica	83	38	83	38	0	0
Liberia	83	38	75	41	-8	-3
Mongolia	83	38	94	36	11	2
Peru	83	38	83	38	0	0
Trinidad and Tobago	83	38	80	39	-3	-1
Zambia	83	38	88	37	5	1
Malawi	91	37	88	37	-3	0
Morocco	91	37	88	37	-3	0
Sri Lanka	91	37	79	40	-12	-3
Algeria	94	36	105	34	11	2

\* Rank improves if it declines in value

\*\* Score improves if it increases in value

CONTINUED ON PAGE 15

## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 14

## Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores (cont.)

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Armenia	94	36	105	34	11	2
Benin	94	36	94	36	0	0
Colombia	94	36	94	36	0	0
Djibouti	94	36	94	36	0	0
India	94	36	94	36	0	0
Philippines	94	36	105	34	11	2
Suriname	94	36	88	37	-6	-1
Ecuador	102	35	118	32	16	3
Moldova	102	35	94	36	-8	-1
Panama	102	35	83	38	-19	-3
Thailand	102	35	88	37	-14	-2
Argentina	106	34	102	35	-4	-1
Bolivia	106	34	105	34	-1	0
Gabon	106	34	102	35	-4	-1
Mexico	106	34	105	34	-1	0
Niger	106	34	113	33	7	1
Ethiopia	111	33	113	33	2	0
Kosovo	111	33	105	34	-6	-1
Tanzania	111	33	102	35	-9	-2
Egypt	114	32	118	32	4	0
Indonesia	114	32	118	32	4	0
Albania	116	31	113	33	-3	-2
Nepal	116	31	139	27	23	4
Vietnam	116	31	123	31	7	0
Mauritania	119	30	123	31	4	-1
Mozambique	119	30	123	31	4	-1
Sierra Leone	119	30	123	31	4	-1
Timor-Leste	119	30	113	33	-6	-3
Belarus	123	29	123	31	0	-2
Dominican Republic	123	29	118	32	-5	-3
Guatemala	123	29	113	33	-10	-4
Togo	123	29	128	30	5	-1
Azerbaijan	127	28	139	27	12	1
Comoros	127	28	133	28	6	0
Gambia	127	28	105	34	-22	-6
Lebanon	127	28	128	30	1	-2

\* Rank improves if it declines in value

\*\* Score improves if it increases in value

CONTINUED ON PAGE 16

## Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 15

## Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores (cont.)

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Madagascar	127	28	118	32	-9	-4
Mali	127	28	105	34	-22	-6
Nicaragua	127	28	130	29	3	-1
Pakistan	127	28	139	27	12	1
Russia	127	28	133	28	6	0
Bangladesh	136	27	144	26	8	1
Côte d'Ivoire	136	27	130	29	-6	-2
Guyana	136	27	133	28	-3	-1
Kenya	136	27	139	27	3	0
Honduras	140	26	133	28	-7	-2
Kazakhstan	140	26	133	28	-7	-2
Laos	140	26	160	21	20	5
Uganda	140	26	130	29	-10	-3
Cameroon	144	25	144	26	0	-1
Central African Republic	144	25	144	26	0	-1
Iran	144	25	133	28	-11	-3
Nigeria	144	25	139	27	-5	-2
Papua New Guinea	144	25	150	25	6	0
Ukraine	144	25	144	26	0	-1
Guinea	150	24	154	24	4	0
Kyrgyzstan	150	24	154	24	4	0
Paraguay	150	24	150	25	0	-1
Angola	153	23	157	22	4	1
Congo Republic	154	22	144	26	-10	-4
Democratic Republic of the Congo	154	22	160	21	6	1
Tajikistan	154	22	157	22	3	0
Burundi	157	21	165	19	8	2
Myanmar	157	21	172	15	15	6
Zimbabwe	157	21	163	20	6	1
Cambodia	160	20	157	22	-3	-2
Eritrea	160	20	150	25	-10	-5
Venezuela	160	20	165	19	5	1
Chad	163	19	165	19	2	0
Equatorial Guinea	163	19	163	20	0	-1

\* Rank improves if it declines in value

\*\* Score improves if it increases in value

CONTINUED ON PAGE 17

Transparency International's 2013 Corruption Perceptions Index ■ Continued from page 16

Transparency International CPI Rankings and Scores: Comparison of 2013 to 2012 Ranks and Scores (cont.)

Country	2013 Rank	2013 Score	2012 Rank	2012 Score	Change in Rank from 2012*	Change in Score from 2012**
Guinea-Bissau	163	19	150	25	-13	-6
Haiti	163	19	165	19	2	0
Yemen	167	18	156	23	-11	-5
Syria	168	17	144	26	-24	-9
Turkmenistan	168	17	170	17	2	0
Uzbekistan	168	17	170	17	2	0
Iraq	171	16	169	18	-2	-2
Libya	172	15	160	21	-12	-6
South Sudan	173	14			NA	NA
Sudan	174	11	173	13	-1	-2
Afghanistan	175	8	174	8	-1	0
Korea (North)	175	8	174	8	-1	0
Somalia	175	8	174	8	-1	0

\* Rank improves if it declines in value

\*\* Score improves if it increases in value