

Cutting corruption

The director of the Serious Fraud Office tells **Graham Pitcher** he is looking to protect the UK's small businesses.

Housed in an unassuming London office block, the Serious Fraud Office (SFO) leads the UK's fight against bribery and corruption; whether at home or overseas. Its 300 or so staff have a varied workload; on average, the SFO is handling 100 cases at any time, all involving sums of at least £1million; some much more.

Leading the fight is Richard Alderman, the SFO's director. "We investigate and prosecute cases of overseas corruption," he explained. "Importantly, we engage with companies to discuss corruption issues and to determine their problems; what are they finding about carrying out their business?" City fraud also falls within its remit; fraud against city institutions and fraud contracted against retail investors. "Our work is all about economic crime. We use the Bribery Act to prosecute bribery by UK companies in other countries or by foreign companies with a UK presence."

For the latter category, Alderman's organisation is looking for acts which have undermined UK companies. "If a UK company lost a contract because of corruption by a foreign company and had to shed employees, we want to bring that before a jury," he asserted.

The SFO's work is directed by the Bribery Act 2010, enacted during the final days of the last Government. Although passed last year, it didn't come into force until 1 July 2011. "There were a lot of problems with previous legislation," Alderman reflected. "This new act is much clearer and describes new offences targeted at companies which fail to prevent bribery."

It's the latest in a string of similar legislation dating back to 1880. "Those Acts were difficult to understand," he said, "and difficult to relate to modern circumstances. We were particularly troubled by what it took to make a corporation guilty under the old law."

According to Alderman: "It's a very good Act. It's modern and strikes the right balance about what is criminal and what needs to be proved."

The Bribery Act now incriminates senior officers of a company if they consent to or connive in bribery. "If they knew about bribery and did nothing, then directors are guilty," said Alderman. "There is also a new offence of inducing someone to act contrary to their obligations and one of bribing foreign public and private sector officials."

While committed to finding and punishing corruption, the SFO is also interested in prevention. Alderman explained: "We work with companies on their procedures, as well as with representative bodies and industry groups on what is needed to establish an anti corruption ethos."

One of Alderman's particular targets in this respect is small to medium

companies. "Large companies have lots of resources. SMEs are in a difficult position and corruption could be life or death for them. I don't want to see SMEs getting into trouble."

"Small companies need to address themselves to risk assessment," he advised. "Who are you dealing with, what are the risks and how do you manage them? It doesn't mean you have to walk away from business, but you do have to work out how to do decent business."

One of the consequences for smaller companies, particularly those in the electronics sector, is their relationships with customers. Alderman explained: "If you do a lot of business over the internet with customers around the world, you may want to encourage them to buy from you, rather than from a competitor. An employee of your customer may then place orders, which may or may not be for large amounts. If a UK company offers some sort of reward – an iPad or whatever – to that employee and their employer doesn't know about it, that's a problem

because the order may not have been placed in the best interests of the company.

"Companies have to know about the risks. Incentives can only be provided when the customer's employer knows this is happening. What matters is that companies address these issues and find solutions to what is a sensible commercial practice if done in the right way," he continued.

Another problem area which Alderman is keen to highlight is facilitation payments. "Electronics companies rely on components being moved around the world rapidly. With manufacturing, just in time is everything and companies rely on goods getting the right clearances.

"We find issues with getting goods cleared in ports. They may offer the option of the goods remaining in a queue or paying money. If it's mission critical, a company might pay but, if it does, that's a bribe. But if you are paying for a published service and that money goes to the local authority, that's fine; it's when the money goes into someone's pocket that problems arise."

Alderman says facilitation payments are a big challenge and that the SFO is looking to help companies avoid problems. "Companies must be proactive," he believes. "We will do whatever we can to support them, but the best action is for companies, including competitors, to group together to deal with them."

Concluding, Alderman said he sees an anti bribery culture moving through the economy. "But it doesn't matter what size company you are; always assess the risks."

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• For more on the SFO's work or to report corruption, go to www.sfo.gov.uk

A portrait of Richard Alderman, a middle-aged man with short, light brown hair and glasses. He is wearing a light blue and white checkered shirt and a dark teal tie. He has his arms crossed and is looking directly at the camera with a neutral expression. The background consists of a window with horizontal blinds, partially open, showing a blue-tinted view of the outdoors. The lighting is soft, coming from the front and slightly to the side.

Richard Alderman

Richard Alderman has been the director of the Serious Fraud Office (SFO) since April 2008. Before joining SFO, he held senior roles in the Inland Revenue and in HM Revenue and Customs. These roles gave him extensive experience of complex financial investigations and criminal prosecution.

A barrister, Alderman is a member of the World Economic Forum's Global Agenda Council on Anti Corruption and a member of the Executive Committee of the International Association of Anti Corruption Authorities. He is also a member of the Advisory Board of the Centre for Ethics and Law at University College, London.