

Gateway - The BBC Intranet

**Gateway**

You are in: [Fraud Management](#) > [What is fraud?](#) > [Impact](#) > **Regulatory Consequences**

Contact: (02)26976

## Regulatory Consequences

 Report Fraud Here



If certain types of fraud are committed the BBC may unwittingly breach regulations or even the law leading to wider consequences for the entire organisation.

Useful links .

[Other useful links](#)

### Wider consequences of fraud?

If employees lie or present fraudulent documents during the application process the BBC may be responsible for illegally employing individuals who do not have the right to work in the UK

If accounts are deliberately manipulated (e.g. to increase bonuses) it may result in the statutory accounts being misstated, in breach of regulations. It is the BBC rather than external auditors that is responsible for preventing this

If Health and Safety regulations are breached as a result of non-preferred suppliers being used (e.g. as a result of an abuse of a conflict of interest or a kick-back) the BBC will be held to account

### Some recent examples of anti-corruption law enforcement

Anti-corruption enforcement is becoming increasingly global. The US and UK authorities are extending their jurisdiction globally. Investigations under the **US FCPA** have resulted in multi-million dollar fines and penalties for organisations - and extradition, prosecution and imprisonment for individuals - involved in improper activities abroad. The financial penalties are often compounded by negative press releases, the loss of stakeholder confidence, criminal convictions, deferred and non-prosecution agreements and the risk of debarment from contracting with certain entities. A number of investigations under **UK 2001 Act** are currently ongoing and could result in outcomes similar to those seen in equivalent **US FCPA** investigations. Richard Alderman, director at the UK Serious Fraud Office (SFO) has publicly declared his desire to continue to prosecute companies for such activity.

#### Overseas bribery prosecution

In September 2008, the City of London Police's Overseas Anti-Corruption Unit (OACU) successfully prosecuted a Ugandan government official, who received payments totalling more than £50,000 into his personal bank account from a UK government contractor. The payments were purportedly made as part of an agency agreement, but were actually inducements to assist in the awarding of contracts. The inducements went directly into two bank accounts opened by the Ugandan official and the contractor. The Ugandan official was sentenced to 12 months imprisonment and signed a disclaimer releasing the £52,800 from his bank account into the custody of the City of London police for restitution.

#### Civil settlement

In a landmark settlement in October 2008, the Serious Fraud Office (SFO) settled its case against Balfour Beatty plc with the use of a £2.25 million Civil Recovery Order, plus a contribution to its costs, following an investigation into payment irregularities that occurred within a subsidiary entity during a construction project in North Africa which completed in 2001. In reaching this settlement, the SFO took account of Balfour Beatty's self-reporting of the matter in 2005, as well as its agreement to take steps to review and improve its control and compliance processes, including an external monitoring programme. This is the first time the SFO has deployed civil recovery powers made available to it under the Proceeds of Crime Act 2002 as from April 2008.

#### Example under US law

This extraterritorial reach was recently demonstrated in the indictments of Jeffrey Tesler and Wojciech Chodan, both UK citizens and residents, for their alleged roles in the Halliburton/KBR matter. The US Department of Justice has stated that they are seeking to extradite Mr Tesler and Mr Chodan from the UK to the US to stand trial. If convicted on all charges, they face up to 55 years in prison. The indictment also seeks forfeiture from them of more than \$132 million.

