

CORPORATE COMPLIANCE ALERT

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Canada Cracks Down on Bribery – Charges Two Americans under Corruption of Foreign Public Officials Act

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Just a few weeks after handing down the nation's first prison sentence under its Corruption of Foreign Public Officials Act (CFPOA), the courts in Canada have charged two Americans, both former executives with Cryptometrics Inc., in a scheme to bribe officials of Air India and authorities within the Indian government to secure sales for their facial recognition technology. These new charges reflect the global trend towards using criminal enforcement to ensure contracts are granted based on the quality of products and services rather than corruption. While this is good news for consumers, the investigation is also an important reminder to CEOs that an effective compliance program is an essential component of a sustainable business plan.

The Royal Canadian Mounted Police issued arrest warrants for former Cryptometrics Inc. CEO Robert Barra and former COO Dario Bernini, charging both with violations of the CFPOA. Details of the bribery scheme involve the payment of approximately \$450,000 in cash and some shares to officials of Air India and to the Indian Minister of Civil Aviation in order to secure a \$100 million dollar contract for the purchase of facial recognition software. Another party to the scheme, Nazir Karigar, has already been sentenced to three years in prison for his role in the plan, becoming the first person convicted and sentenced under the CFPOA.

Karigar's conviction, along with the charges against Barra and Bernini, represent an increased focus on CFPOA enforcement by Canadian law enforcement and the judiciary. In fact, the justice who handed down the sentence in the Karigar case made it quite clear that Canada is taking enforcement seriously, warning that, "any person who proposes to enter into a sophisticated scheme to bribe foreign public officials to promote the commercial or other interests of a Canadian business abroad must appreciate that they will face a significant sentence of incarceration in a federal penitentiary."

U.S. companies with subsidiaries in Canada should contemplate a thorough vetting of their anti-corruption policies and training to ensure compliance with the requirements of the CFPOA. For further information about the implications of increased anti-corruption enforcement in Canada and the application of the CFPOA, please contact any of Roetzel's White Collar and Corporate Compliance attorneys:

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