

## Leveson LJ in Rolls-Royce (2017)

2. Rolls-Royce Holdings plc (listed on the London Stock Exchange and forming part of the FTSE 100 index) is properly considered to be a company of central importance to the United Kingdom, with a reputation in the field of engineering second to none. On its website, it describes its activities in this way:

“Rolls-Royce is a global company providing highly-efficient integrated power and propulsion solutions. Our power systems are predominantly used in aerospace, marine, energy and off-highway applications.

We are one of the world’s leading producers of aero engines for large civil aircraft and corporate jets. We are the second largest provider of defence aero engines in the world. Rolls-Royce is well established in the marine sector where we design vessels and integrate power systems. We have a growing presence in civil nuclear power, drawing on our skills and experience of over 50 years in powering nuclear submarines. Our MTU brand is world-renowned in high-speed diesel engines powering applications as diverse as rail locomotives and luxury yachts.”

3. Rolls-Royce and its subsidiaries employ some 50,000 people, in more than 50 countries. This case concerns the conduct of its civil aerospace business which manufactures engines for the commercial large aircraft and corporate jet markets and generates approximately 50% of its revenue, defence aerospace business which manufactures engines for the military transport market and is the second largest provider of defence aero engine products and services in the world (generating approximately 20% of its revenue), and its former energy business concerned with the manufacture of gas turbines and compressors to power off-shore platforms, the transport of oil and gas through pipelines, and the generation of electricity which generates less than 10% of its revenue, part of which was conducted by RRESI.

4. Against that background, it can properly be described as devastating and of the very greatest gravity that the conduct of this institution should fall to be examined within the context of a criminal investigation and that the investigation (in very large part conducted and voluntarily revealed to the SFO by Rolls-Royce itself) should reveal the most serious breaches of the criminal law in the areas of bribery and corruption (some of which implicated senior management and, on the face of it, controlling minds of the company). It involves:

- i) agreements to make corrupt payments to agents in connection with the sale of Trent aero engines for civil aircraft in Indonesia and Thailand between 1989 and 2006;
- ii) concealment or obfuscation of the use of intermediaries involved in its defence business in India between 2005 and 2009 when the use of intermediaries was restricted;
- iii) an agreement to make a corrupt payment in 2006/7 to recover a list of intermediaries that had been taken by a tax inspector from Rolls-Royce in India;
- iv) an agreement to make corrupt payments to agents in connection with the supply of gas compression equipment in Russia between January 2008 and December 2009;
- v) failing to prevent bribery by employees or intermediaries in conducting its energy business in Nigeria and Indonesia between the commencement of the Bribery Act 2010 and May 2013 and July 2013 respectively, with similar failures in relation to its civil business in Indonesia;
- vi) failure to prevent the provision by Rolls-Royce employees of inducements which constitutes bribery in its civil business in China and Malaysia between the commencement of the Bribery Act 2010 and December 2013.

5. Further, in relation to the conduct of Rolls-Royce, there have been discussions between the SFO and the Department of Justice in the United States and discussions between the Department of Justice and the Brazilian Ministério Público Federal, to ensure a coordinated global resolution of the relevant conduct. Parallel to this DPA, it is intended that a similar type of agreement reached with the Department of Justice (which has been fully disclosed in these proceedings) and a settlement with the Brazilian authorities will be announced. The American agreement covers the conduct of Rolls-Royce's energy business (in Brazil, Kazakhstan and Thailand) and also addresses conduct relating to Rolls-Royce and RRESI arising from an investigation into its use of an intermediary called Unaoil

## Rolls-Royce (2017)

COUNT 1 - CIVIL INDONESIA Conspiracy to Corrupt between 1 January 1989 and 31 December 1998: RR Trent 700 engines for 6 Airbus A330 aircraft In Summary 30. RR senior employees agreed to pay \$2.25 million and a Rolls Royce Silver Spirit car to an intermediary (“Intermediary 1”) or company controlled by that intermediary (“Intermediary 1 Company A”). There is an inference that Intermediary 1 / Intermediary 1 Company A acted as an agent of the office of the President of Indonesia and that this money was a reward for Intermediary 1 showing favour to RR in respect of a contract for Trent 700 engines. In 1989 RR senior employees discussed developing relationships with figures in positions of influence to advance RR sales in Indonesia, in particular with Garuda Indonesia (“Garuda”), the national airline.

And then ...

HOME WORLD UK COMPANIES MARKETS OPINION WORK & CAREERS LIFE & ARTS Portfolio My Account

**Rolls-Royce Holdings** + Add to myFT

## Former Rolls-Royce chief quizzed under caution in corruption probe

Serious Fraud Office interviews John Rose and 'dozens' of others



Former Rolls-Royce chief executive Sir John Rose © AP

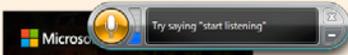
[Twitter](#) [Facebook](#) [LinkedIn](#) [Email](#) [Print](#) [Save](#)

FEBRUARY 10, 2017 by [Caroline Binham](#) and [Peggy Hollinger](#) in London

The four-year corruption investigation into past business practices at Rolls-Royce has entangled former chief executive Sir John Rose, one of Britain's most prominent corporate executives, who has been questioned as a possible suspect by the Serious Fraud Office.

Listen on Rolls-Royce

**Read next**  
**Fast FT**  
Rolls-Royce shares drop after £4.6bn loss  
NEW 10 MINUTES AGO



# Militating Against bribery/money laundering?

Can there be bribery without laundering?

Laundering before the bribe? – establishment of slush funds (fund that do not appear in the published accounts)

Laundering after the bribe? – does the local law allow convictions for 'self-laundering'?

Action to militate against laundering?

A general duty to report suspicion of crime?

Reporting some but not all suspicions of crime?

Terrorism?

# Another model – Anti Money Laundering

1. Create Offence (Proceeds of Crime Act 2002 ss 327-329): basis for liability is ‘knowledge or suspicion’ as to
  1. Provenance of the property;
  2. As to whether or not it is criminal property;
  3. Whether an offence was committed.
2. Create duty to report suspicion of the offence (Proceeds of Crime Act 2002 s. 330 Money Laundering Regulations 2007) imposed upon a defined regulated sector.
3. Create obligations to keep

## Finally, ... the regulatory approach

- Regulatory contravention or criminal offence?
- Criminal Justice approach cannot deal with many cases
- Risks of losing (jury, length of trial &c
- Difficulties of proof
- Expense

# Powers of regulators

To fine without court case

Shifts burden onto regulated party if s/he wants to fight

Easier, quicker, cheaper

Tax crimes?

Horses for courses