

Client Alert: Airbus subsidiary GPT ordered to pay over £30m over Saudi bribery

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Introduction

On Wednesday the UK's Serious Fraud Office (SFO) confirmed that an Airbus subsidiary, GPT, had pleaded guilty to corruption between December 2008 and July 2010 in relation to contracts awarded to GPT for work carried out for the Saudi Arabian National Guard. The court ordered GPT to pay a confiscation order of £20.6m, a fine of around £7.5m and costs of £2.2m.

This follows an earlier settlement with Airbus last year (see <http://bit.ly/busbribe>) which involved a payment to settle a separate bribery matter of €991m in the UK (£840m) together with payment to France of €2.1bn (£1.78bn) and the US of \$527m (£405m). There's a short film with details of the earlier Airbus settlement here <https://www.corderycompliance.com/airbus-bribery-settlement-in-numbers/>.

What was the GPT case about?

GPT entered a guilty plea to one count of corruption, contrary to section 1 of the Prevention of Corruption Act 1906, before the Honourable Mr Justice Bryan at Southwark Crown Court. The 1906 Act is essentially a predecessor to the Bribery Act 2010. It wasn't a Bribery Act 2010 case as the events in question pre-dated the go-live date of the 2010 Act – this Act only governs bribery from 2011 onwards.

The investigation into GPT's activities started in August 2012. In July 2020 the SFO brought charges against GPT and against 3 individuals who await trial. Their trial is scheduled to start in May 2022. As this case remains live it is not possible to discuss more details at this stage. We have however written in general terms about the challenges the SFO and other prosecutors have in bringing cases against individuals – for example see our note this week here <https://bit.ly/sercoloss>.

Are there any lessons to be learned?

The judge in this case said that the offending was aggravated by the company's attempt to cover up the bribery and its poor treatment of a whistleblower in the case. The judge did however acknowledge that the company had approached the SFO in 2016 after indicating that it was prepared to plead guilty. There were delays in bringing the case as the SFO needed to secure consent from the Government to bring the case and whilst that consent was sought in 2016 from the then Conservative government it was not immediately forthcoming.

GPT was closed down by Airbus in April last year, and Airbus said last year that any misconduct had occurred before its acquisition of the company in 2007 and continued afterward.

So, amongst the lessons to be learned organisations should consider:

1. Make sure you have proper processes in place to deal with whistleblowers fairly. They can often act as early warning for possible issues. Whistleblowers also have rights in many countries and those rights will soon be extended in the EU (see our short film explaining the changes here <https://www.corderycompliance.com/eu-whistleblowing-faqs/>).
2. Companies need to supervise those they do business with properly – this will include their sales channel. We predicted this as a key trend in compliance in 2017 and this case illustrates those concerns. You can find out more in our video here – <http://www.corderycompliance.com/predictions-for-2017-the-rise-of-the-digital-world/>.
3. Due diligence is key – this will include due diligence in any corporate acquisition as well as due diligence on third parties including your sales channel.
4. Management is expected to help stamp out corruption too – if they do not there may be personal

consequences.

5. Proper policies, procedures and training must be put in place. It should be clear to all of those people you deal with – including third parties who work for you – what you expect of them.
6. Companies must properly investigate bribery promptly – this may enable them to secure some resolution without the need for court proceedings if appropriate.
7. As we said before, we think that these risks increased during the pandemic (see bit.ly/covbribe) so given the failure to prevent provisions in the Bribery Act 2010, it is important that companies take measures to make sure that they do not get involved in this type of practice and that they can also document the training and guidance they have given to employees and agents even during these difficult times. Having evidence that you have told your employees and those associated with you not to do bad things is key.

More information

For a view from the frontline as to how these deals often come about, you can watch our short film with Richard Bistrong here <https://www.corderycompliance.com/cordery-head-to-head-richard-bistrong/>. You can also watch Richard's thoughts on the earlier Airbus settlement here <https://www.corderycompliance.com/cordery-head-to-head-richard-bistrong-airbus-settlement/>.

There is more information about this and other bribery and corruption topics here <https://www.corderycompliance.com/category/bribery-corruption/>. You can find out more about Cordery's work in this area here <https://www.corderycompliance.com/bribery-corruption/>.

There is more information on this case on the SFO's website here <https://bit.ly/3gLnQW>

For more information please contact Jonathan Armstrong or André Bywater who are lawyers with Cordery in London where their focus is on compliance issues.

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