



Recent Bribery Crackdown in China Serves as Reminder to Review Compliance Programs

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China's emergence as a global economic power has created new opportunities for many companies with international operations. These opportunities range from creating business operations within China to engaging in transactions with Chinese businesses. These business contacts will only increase as China continues to emerge as a world power.

However, the structure and culture of Chinese businesses can present certain problems for international companies. China remains a one-party state with many state-owned businesses, which means that many individuals with whom foreign companies interact could be government officials. In addition, there are general concerns about tolerance of corruption within China's business culture.

These difficulties have been highlighted in recent news reports that Chinese authorities have accused GlaxoSmithKline of bribing doctors and executives. This appears to be part of a larger crackdown by the Chinese government on foreign businesses operating within China. To the extent government officials are involved, these accusations could also implicate anti-corruption statutes such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. Based on past experience, it seems likely that U.S. and UK officials will review such allegations to see whether the FCPA or the UK Bribery Act have been violated.

What to Do?

Companies should review their business operations in and with China, including their compliance programs. An assessment of the company's training program should also be done. Such a review could allow the company to identify and resolve issues before government regulators become involved.

The combination of the strength of Locke Lord's Hong Kong office, along with its White Collar Criminal Defense and Internal Investigations Practice Group, makes it uniquely situated to assist with many important aspects of China business or anti-corruption issues.



Locke Lord's White Collar Criminal Defense and Internal Investigations attorneys have extensive experience advising clients on foreign anti-corruption compliance. In addition to comprehensive investigatory and reporting work, Locke Lord attorneys routinely create and review compliance policies, test their effectiveness and make comprehensive presentations to company management and boards of directors on avoiding liability under anti-corruption statutes. Locke Lord attorneys also are capable of offering our clients hotlines to ensure that company executives, wherever in the world they are located, have access to professional advice on pressing complex problems.

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