

COOPERATING FIRM AGREES TO PENALTY EQUAL TO 5 TIMES THE AMOUNT OF FOREIGN BRIBE

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Griffiths Energy International Inc., a Calgary-based oil exploration and development company, has pled guilty to the offence of bribing a foreign official contrary to Canada's Corruption of Foreign Public Officials Act. The company has agreed to pay \$10.35 million in fines for bribing a Chadian public official with \$2 million in exchange for securing three contracts in Chad.

According to publicly disclosed information, between August 2009 and February 2011 Griffiths Energy entered into three production sharing contracts with the government of the Republic of Chad, providing exclusive rights to explore and develop reserves and resources over a combined area of 26,103 km² in southern Chad. The contracts covered two oil basins for potential development, oil discoveries, and numerous exploration prospects. The company's prior management negotiated and executed these contracts with two entities owned and controlled by a foreign public official and his spouse.

Griffiths Energy changed its senior management in September 2011 following the accidental drowning of Brad Griffiths, the company's chairman and co-founder. The current management discovered suspicious contracts in November 2011 and voluntarily disclosed to the Royal Canadian Mounted Police, the Public Prosecution Service of Canada and the U.S. Department of Justice that it had commenced an internal investigation into the nature, circumstances and propriety of the contracts. The internal investigation was supervised by a special committee of independent members of the firm's board of directors and conducted by external legal counsel and a forensic accounting firm. In May 2012, Griffiths Energy disclosed that it was voluntarily sharing the results of the internal investigation and cooperating with the authorities.

On January 22, 2012 in a Calgary court, Griffiths Energy pled guilty under section 3(1)(b) of the Corruption of Foreign Public Officials Act:

Every person commits an offence who, in order to obtain or retain an advantage in the course of business, directly or indirectly gives, offers or agrees to give or offer a loan, reward, advantage or benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official

(a) as consideration for an act or omission by the official in connection with the performance of the

official's duties or functions; or

(b) to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions.

The fine jointly recommended by the prosecutor and Griffith's counsel has yet to be approved by the court.

heightened enforcement environment

After a slow start, enforcement of Canada's anti-corruption legislation is becoming much more active.

This conviction follows the conviction of Niko Resources, another Calgary-based energy company, which was fined \$9.5 million in June 2011 for bribing a minister responsible for energy in the government of Bangladesh. The RCMP has also indicated that it has dozens of other ongoing investigations in progress. At the same time, the Charbonneau Inquiry into corruption in the province of Québec has raised media and public concern about domestic corruption, creating an environment in which vigorous enforcement can be expected.

by Elisabeth S. Preston, A. Neil Campbell and Monica Podgorny, student-at-law

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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