

SFO completes £497.25m Deferred Prosecution Agreement with Rolls-Royce PLC

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The SFO has entered into a significant Deferred Prosecution Agreement (DPA) with Rolls-Royce PLC following its approval today by Sir Brian Leveson, President of the Queen's Bench division.

The agreement with the company follows the SFO's four-year investigation into bribery and corruption, an investigation which continues into the conduct of individuals.

The indictment, which has been suspended for the term of the DPA, covers 12 counts of conspiracy to corrupt, false accounting and failure to prevent bribery. The conduct spans three decades and involves Rolls-Royce's Civil Aerospace and Defence Aerospace businesses and its former Energy business and relates to the sale of aero engines, energy systems and related services. The conduct covered by the UK DPA took place across seven jurisdictions: Indonesia, Thailand, India, Russia, Nigeria, China and Malaysia.

A DPA is a statutory means by which a company can account to a court for conduct without suffering the full consequences of a criminal conviction, which might include international disbarment from competition for public contracts.

The Judge ruled today in a public hearing at the Royal Courts of Justice that the DPA's terms were fair, reasonable and proportionate and that the DPA was in the interests of justice. He also agreed that the total sum in the UK settlement (£497.25m plus interest and the SFO's costs of £13m) reflected the gravity of the conduct, the full cooperation of Rolls-Royce PLC in the investigation, and the programme of corporate reform and compliance put in place by new leadership at the top of the company. The resolution is the highest ever enforcement action against company in the UK for criminal conduct.

As part of a DPA, a company agrees to a number of terms. If the company does not honour the conditions, the prosecution may resume. Arrangements for monitoring compliance with the conditions are set out in the terms of the DPA. In this case the terms included paying a financial penalty and co-operating with future prosecutions of individuals.

Rolls-Royce has also reached an Agreement with the US Department of Justice and a Leniency Agreement with Brazil's Ministério Público Federal today. In total, these agreements result in the payment of approximately £671 million (including US\$170m to the US and \$25m to Brazil) by Rolls-Royce at the current exchange rate.

In his judgment, Sir Brian Leveson said:

“[T]he investigation into the conduct of individuals continues and nothing in this agreement in any way affects the prospects of criminal prosecutions being initiated if the full code test for prosecution is met.

“[T]he question becomes whether it is necessary to inflict the undeniably adverse consequences on Rolls-Royce that would flow from prosecution because of the gravity of its offending even though it may now be considered a dramatically changed organisation.

“In any event, it will have to suffer the undeniably adverse publicity that will flow from the facts of its business practices which will be exposed by the DPA so that the way in which it has done business will be obvious. Any public procurement exercise will be conducted in the light of its history and it will doubtless only win contracts on the merits of its products. That, of course, is as it should be. Neither will the conduct of Rolls-Royce escape sanction: it could only ever be fined and the DPA has to be approached on the basis that it must be broadly comparable to the fine that a court would have imposed on conviction following a guilty plea.”

Director of the SFO, David Green CB QC, said:

“Bribery harms the reputation of the UK as a safe place to do business. I welcome this DPA, a significant enforcement action by the SFO, using relatively new statutory powers in respect of an important British company. It allows Rolls-Royce to draw a line under conduct spanning seven countries, three decades and three sectors of its business.

“I am grateful to the excellent SFO team who led on this case and for the assistance and cooperation of our trusted international partners.”

This is the largest ever single investigation carried out by the SFO, costing £13m and involving some 70 SFO personnel. It is the third use of a DPA since the power became available to prosecutors in 2014.

The SFO conducted its investigation with trusted partners around the globe, resulting in a coordinated resolution with the US Department of Justice and Brazil's Ministério Público Federal. The SFO is grateful for the cooperation and support those partners provided.

Notes to editors:

1. The full DPA and Statement of Facts can be accessed [here](#).
2. The SFO [announced its investigation into Rolls-Royce PLC in December 2012](#).
3. For more background on the introduction and purpose DPAs, please see [here](#).
4. The first DPA the SFO reached was with [Standard Bank PLC](#). The second is with a company currently referred to as [XYZ](#) due to ongoing related legal proceedings.

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