Edwards

Journal of Forensic Accounting
1524-5586/Vol.III(2002), pp. 149-156

FORENSIC RISK MANAGEMENT

Beware of Bribes of Foreign Officials

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One of the most pernicious off-the-book frauds is bribery of public officials. In general, a bribe is a business transaction, albeit an illegal or unethical one, that has the effect of corrupting economic and government systems as it bestows an unfair advantage upon those paying the bribe. In the public sector, a bribe is an inducement that influences a public official to perform his or her duties in a manner contrary to the course that might otherwise be adopted. When a company pays a public official to influence that official's decisions, the company corrupts a relationship of trust between the public and that official.[1]

Within the last decade, bribery of public officials has been recognized as a serious global problem.[2] In particular, bribery of foreign public officials has increased dramatically along with the globalization of business. Interestingly, bribery activities are not limited to the developing nations of Asia, Africa, and South America but also affect developed countries including member nations of the European Union, the United States, Canada, Australia, and Japan.[3]

In response to massive bribery activity and its negative effects, the Organization for Economic Cooperation and Development (OECD),[4] began actively promoting antibribery measures. The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the OECD Convention) was adopted and signed by 34 nations[5] in November 1997 and became effective in

[1]Rose-Ackerman, S. 1999. *Corruption and Government: Causes, Consequences, and Reform*. Cambridge: Cambridge University Press.

[3] Gantz, D. 1998. Globalizing sanctions against foreign bribery: The emergence of a new international legal consensus. *Northwestern Journal of International Law & Business* 18: 457-497.

[4] The OECD is an international organization of states formed in 1960 in pursuit of global economic growth and stability. The OECD is a Paris-based organization whose 30 members account for 2/3 of the world's goods and services. The 30 member countries are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States.

[5] The 34 signatory nations to the OECD Convention include the 30 OECD nations and four non-member nations: Argentina, Brazil, Bulgaria, and Chile.

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