



## ALERTS

### Deferred Prosecution Agreement For UK Business Includes Required 'Corporate Renewal' And Reviewers

August 31, 2020

#### Highlights

A deferred prosecution agreement (DPA) with the United Kingdom's Serious Fraud Office yields the first appointment of an external "reviewer," which appears to be a role similar to that of "monitors" under such U.S. Department of Justice agreements

The DPA's required "corporate renewal program" entails examination, analysis, review, and audits of rehabilitation efforts

The parent company guaranteed oversight of this "corporate renewal program" at the wholly-owned subsidiary and has already undertaken remediation steps itself

In early July, [G4S Care and Justice Services \(UK\), Ltd \(G4S\)](#) entered into a [deferred prosecution agreement](#) with the United Kingdom's Serious Fraud Office (SFO). That three-year deferred prosecution agreement (DPA) received judicial approval then on July 17, 2020.

The DPA raises at least one question for businesses in the UK: Are compliance independent "reviewers" now part of the future in UK SFO resolutions? If that turns out to be the case, it should not come as a

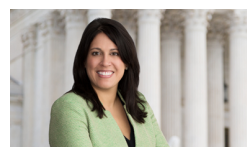
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surprise if SFO counterparts in other countries start doing the same.

The DPA is the result of G4S and the SFO resolving an investigation of potential fraud by G4S in connection with financial reporting by G4S to the UK's Ministry of Justice between August 2011 and May 2012, pursuant to electronic monitoring contracts. Under the DPA, G4S admitted three fraud offenses, but the prosecution was put on hold during the DPA. In addition to rather substantial financial penalties under the DPA, including G4S paying SFO's costs, the DPA imposed a requirement of a "corporate renewal" program. This program will entail review, assessment and reporting on the company's internal policies, procedures and internal controls.

In announcing the DPA, G4S's parent company, G4S plc, described the "corporate renewal" program as "enhancing systems of risk management covering bidding, contract on-boarding and management and strengthening assurance activities, operating practices, controls, policies, and procedures throughout its operations, as well as subjecting itself to internal and external examination, analysis, detailed review, and audits to ensure progress and success in its rehabilitation efforts."

G4S will not be left to its own devices in that review, assessment and reporting process. An external "reviewer" has been appointed to provide reports to the SFO – note that it has been reported that this is the first time a DPA with the SFO has included appointment of an external "reviewer." Indications are that the "reviewer" will have the authority and responsibility to act much like a "monitor," which may be a more familiar term to many.

As G4S is a wholly-owned subsidiary of G4S plc group, the parent company has guaranteed oversight of the program at G4S and also has undertaken some remediation steps itself. For example, reportedly, the parent company made substantial changes to its senior management, established a risk committee of the board, modified the lines of reporting, and expanded its audit function with greater focus on risk assessment.

The G4S DPA has also been reported to be the eighth DPA entered into by the SFO, but as noted, it is the first that entails what appears to be the equivalent of a "monitor" as is selected by the U.S. Department of Justice in some corporate deferred prosecution agreements.

While it remains to be seen whether the appointment of a "reviewer" becomes more common in SFO deferred prosecution agreements with corporate entities, where there has been a first, there may be more to follow.

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