



# Soliman, Hashish & Partners

LAW FIRM

[www.shandpartners.com](http://www.shandpartners.com)



# Corporate Corruption Crimes

Mohamed Hashish  
Partner



**What is  
“corporate corruption crime”?**

# Definition of “corporate corruption crime”

- There is no a specific definition for the term “corporate corruption” under Egyptian law.
- the United Nations Convention Against Corruption does not contain a specific definition for this term.

# Definition of “corporate”

- The term “Corruption” means “*abuse of public or private office for personal gain*”.
- the act of “abuse” may be committed by either public or private office such as
  - ✓ Government,
  - ✓ Authority,
  - ✓ Governmental-owned company,
  - ✓ Officials,
  - ✓ Private-owned company, or
  - ✓ Private sector employees.

# Elements of “corporate corruption crime”

- Corporate corruption crime usually has three elements:
  1. a corporate entity;
  1. Having a power; and
  1. Abusing such power for private gain.

# 1<sup>st</sup> element: having a corporate entity

- The corporate corruption crime may be committed by a corporate entity or a group of corporate entities that is/are owned by private and/or public shareholders.
- This corporate entity may take any legal form such as:
  - a company that is duly established;
  - a company that is still under establishment;
  - de facto company;
  - consortium;
  - Joint Venture; and
  - Branch.

## 2<sup>nd</sup> element: having a power

- This power may take a form of a license to do or not to do something, such as the right to provide certain services, the right to not disclose data or information such as know-how.
- This power may also take a form of authority and/or discretion, such as regulating certain sector, financing, procurement and recruitment.

## **3<sup>rd</sup> element: abusing the power that the corporate entity has for private gain**

- This abuse may target (i) direct gain for the same corporate entity, or (ii) indirect gains for its subsidiary, sisters companies, branches, affiliates and/or holding companies.
- This power may also take a form of authority and/or discretion, such as regulating certain sector, financing, procurement and recruitment.
- It is not a condition for the target gain to be financial revenue; the corporate entity may also be targeting a dominant position in certain market or controlling sale or purchase prices.



**Regulations of  
“corporate corruption crime”**

# Regulations of Corporate Corruption Crimes in Egypt

- There is no a specific law in Egypt governing the corporate corruption crimes.
- However, there are a number of Egyptian laws that provide several types of corporate corruption crimes.
- Egypt is committed to the provisions of the United Nations Convention against Corruption, which provisions have the full force of law by virtue of Article 93 of the Egyptian Constitution.

# Regulations of Corporate Corruption Crimes in Egypt

- According to the provisions of the United Nations Convention against Corruption, the Egyptian State shall take all necessary actions against all kinds of corruption in public and private sectors.
- “corporate corruption crimes” are governed in Egypt by a number of laws such as the Penal Code, the Anti-money Laundering Law, the Companies Laws, the Antitrust Law and the Employment Law.

# Types of Corporate Corruption Crimes in Egypt Penal Code

- Tampering with documents, stamps, marks of any joint stock company.
  - Penalty of imprisonment for a period of not more than five (5) years, which period may be increased to seven (7) years if the State or any governmental entity is a shareholder in such company.
- The act of breaching intentionally certain forms of agreements concluded by joint stock companies.
  - Penalty of imprisonment for a period of not more than five (5) years, which period may be increased to ten (10) years if the State or any governmental entity is a shareholder in such company.

# Types of Corporate Corruption Crimes in Egypt

## Anti-money Laundering Law

- **KYC or Know Your Customer check:**
  - Financial institutions and certain non-financial institutions (including brokers, lawyers and accountants) are committed to conduct the KYC check to identify the ultimate beneficiary owners.
  - Financial institutions and certain non-financial institutions (including brokers, lawyers and accountants) are committed to maintain ledgers including all data related to their clients for at least five (5) years and report any transaction involving money laundering to the AML Unit.
  - A fine between EGP 100,000 to 500,000 or imprisonment for a period between three (3) years to fifteen (15) years.

# Types of Corporate Corruption Crimes in Egypt

## Anti-money Laundering Law

- Money Laundering Transactions:
  - any person concluding a transaction involving money laundering shall be liable for imprisonment for a period between three to seven years and/or a fine amounting to two times of the amounts that are subject of the money laundering transaction as well as the seizer of such amounts.
  - For example, if the aggregate amounts that are subject of the money laundering transaction is EGP 1,000,000, then this 1,000,000 shall be seized and the person concluding this transaction shall pay EGP 2,000,000.

# Types of Corporate Corruption Crimes in Egypt Companies Law

- Related-party Transactions:
  - The founders of a company may not, within the first five years starting from the incorporation date thereof, be a party in any contract with such company without the prior approval of the General Shareholders Meeting, otherwise the said contract shall be null and void.
  - The same provisions shall also apply to the board members of the said company throughout the management of this company.

# Types of Corporate Corruption Crimes in Egypt

## Companies Law

- Distribution of profits, or
- submission of misleading information in violation of the Companies Laws:
  - imprisonment for a period of no less than two years; and
  - a fine between EGP 2,000 to EGP 10,000.

# Types of Corporate Corruption Crimes in Egypt

## Antitrust Law

- Agreement between competing persons in certain market:

competing persons in certain market (e.g. cement) are prohibited from entering into agreement if such agreement will result in any of the following

- Increasing, decreasing or fixing prices of sale or purchase of the products that are subject of the said agreement,
- Coordinating with regard to proceeding or refraining from the participation in tenders or any other calls for procurement, or
- Restricting production, distribution or marketing of goods or services.

# Types of Corporate Corruption Crimes in Egypt

## Antitrust Law

- Agreement between competing persons in certain market:

Competing persons in certain market (e.g. cement) are prohibited from entering into agreement if such agreement will result in any of the following

- Increasing, decreasing or fixing prices of sale or purchase of the products that are subject of the said agreement,
- Coordinating with regard to proceeding or refraining from the participation in tenders or any other calls for procurement, or
- Restricting production, distribution or marketing of goods or services.

Any person violating the provisions of the said Article 6 of the Antitrust Law shall be liable for a fine between EGP 100,000 to EGP 300,000,000.

# Types of Corporate Corruption Crimes in Egypt

## Antitrust Law

- Prohibiting any person holding a dominant position from taking certain actions:

According to Article 8 of the Anti-trust Law, any person holding a dominant position in certain market is prohibited from

- any action that leads to the non-production or non-distribution of a product for certain period of time,
- Imposing any conditions, for conclusion of a sale or purchase contracts of certain product, that are not related to the nature or commercial custom to the original transaction or agreement, or
- Obliging a supplier not to deal with a competitor.

Any person violating the provisions of the said Article 6 of the Antitrust Law shall be liable for a fine between EGP 100,000 to EGP 300,000,000.



**Thank you!**

