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Practical cross-border insights into corporate investigations

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Contributing Editors:
Roger A. Burlingame & Tim Bowden
Dechert LLP

ICLG.com

Expert Analysis Chapters

Q&A Chapters

England & Wales


Michael Drury


Richard Reichman


Tom McNeill

BCL Solicitors LLP

1 The Decision to Conduct an Internal Investigation

1.1 What statutory or regulatory obligations should an entity consider when deciding whether to conduct an internal investigation in your jurisdiction? Are there any consequences for failing to comply with these statutory or regulatory regulations? Are there any regulatory or legal benefits for conducting an investigation?

Although there are no explicit statutory or regulatory obligations pertaining to internal investigations in England & Wales, it is often in an entity's best interests to conduct an internal investigation when wrongdoing is suspected, whether this be criminal or regulatory. This will enable an entity to identify at an early stage evidence that might demonstrate if any criminal offences or regulatory breaches have been committed, and to make informed decisions.

An obvious benefit of an internal investigation is that it allows the entity to satisfy itself that it has isolated and dealt with the wrongdoing. Additionally, conducting an internal investigation may help an entity decide whether or not to approach a relevant authority with a view to securing a more favourable outcome than would likely be the case if it were the authorities in the first instance (including by means of a "dawn raid") that had approached the entity.

1.2 How should an entity assess the credibility of a whistleblower's complaint and determine whether an internal investigation is necessary? Are there any legal implications for dealing with whistleblowers?

Consideration should be given to whether there is likely to be any other evidence capable of supporting the whistleblower's assertions, such as documentary evidence and the extent to which the whistleblower can personally verify the allegations made. An entity should also consider the context and circumstances in which the whistleblower makes their disclosure. For example, even if they are a disgruntled employee, is the disclosure capable of belief? How much time has passed since the events occurred and what is the explanation for any delay? Is the whistleblower raising the matter for their own personal gain or motive?

A statutory framework exists to protect workers if they blow the whistle on their employer: a whistleblower who makes a qualifying disclosure has the right not to be subjected to any detriment by any act or deliberate failure to act by their employer on the ground that the worker has made a protected disclosure.

1.3 How does outside counsel determine who "the client" is for the purposes of conducting an internal investigation and reporting findings (e.g. the Legal Department, the Chief Compliance Officer, the Board of Directors, the Audit Committee, a special committee, etc.)? What steps must outside counsel take to ensure that the reporting relationship is free of any internal conflicts? When is it appropriate to exclude an in-house attorney, senior executive, or major shareholder who might have an interest in influencing the direction of the investigation?

"The client" will often be determined by who has retained the services of outside lawyers and who has control of the internal investigation. They should be suitably qualified and hold sufficient seniority within the entity to be in a position to provide instruction and direction, and to make critical tactical decisions about the course and scope of the investigation and any reporting that may occur. The wider the reporting relationship is, the more difficult it is likely to be for the corporate to assert and maintain privilege, and also to preserve confidentiality. Entities are best advised to set up an investigation team comprising a limited number of individuals. For more complex investigations, it is often advisable to set up a management or steering committee as these create very clear reporting lines.

External counsel should make enquiries of the client to satisfy itself that those to whom they are to report are not conflicted – this can be done through, for instance, considering the nature of the allegations to be investigated and who is likely to hold relevant information, and asking those who have conceivably been involved in the matter under investigation to declare any interests. These steps are intended to have the effect of maintaining the credibility of any investigation results with the regulator.

2 Self-Disclosure to Enforcement Authorities

2.1 When considering whether to impose civil or criminal penalties, do law enforcement authorities in your jurisdiction consider an entity's willingness to voluntarily disclose the results of a properly conducted internal investigation? What factors do they consider?

Voluntary disclosure of the results of an internal investigation is an important factor considered by authorities in determining whether a prosecution is in the public interest, or whether a Deferred Prosecution Agreement (DPA) or civil settlement (or other alternative to prosecution) is appropriate. However, it provides no guarantee that a prosecution will not follow. Instead, it will form part of a case-by-case analysis looking at a range of factors, including the seriousness of the offence, the harm to victims and any history of similar misconduct by the entity.

It has been clear since the *Rolls-Royce* case that failure to self-report is not necessarily a barrier to a DPA. There must, however, be strong counterbalancing factors, notably complete cooperation and disclosure of materials without pre-conditions (including assertions of legal professional privilege) thereafter. If this is a strategy an entity wants to pursue, wrongdoing should be reported to enforcement authorities within a reasonable time of the offending coming to light.

2.2 When, during an internal investigation, should a disclosure be made to enforcement authorities? What are the steps that should be followed for making a disclosure?

There are a number of scenarios when entities must notify regulators of incidents/misconduct. For example, the General Data Protection Regulation (GDPR) requires that breaches of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data must be reported to the Information Commissioner's Office (ICO) no later than 72 hours after the controller of the data becomes aware of it, unless the breach is unlikely to result in a risk to the rights and freedoms of the individuals concerned. The Financial Conduct Authority (FCA) requires its regulated firms to notify them immediately if they become aware of matters that would have a serious regulatory impact. More generally, regulated firms must be open and cooperative, and, for example, notify the regulator of anything about which it would reasonably expect notice. The Health and Safety Executive (HSE) must be notified of reportable safety incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) requirements, and entities can be required to notify the Environment Agency (EA) of pollution incidents, etc.

Generally, details of any wrongdoing discovered during an internal investigation do not automatically need to be disclosed to enforcement authorities. Prior to any self-report, an entity should carefully consider the desirability and potential consequences (e.g. civil and criminal sanctions). Voluntary disclosure before enforcement authorities are involved may be desirable if the entity is considering cooperating with the authorities in an attempt to achieve a more favourable outcome. The DPA Code of Practice provides that companies wishing to be considered for a DPA (which are potentially available for specified economic crimes) should self-report suspected wrongdoing "within a reasonable time of the offending coming to light". It further specifies that the prosecutor will consider whether any actions taken by not reporting earlier may have prejudiced the investigation, including whether the manner of an internal investigation could have led to material being destroyed or impeding the gathering of first accounts. Relatedly, the Serious Fraud Office (SFO) has stated that companies should consider confining their internal investigation to document reviews and not interviewing employees in order to avoid "trampling on the crime scene" and risks in relation to the destruction of evidence.

When a self-report is being considered, it is, however, important to ensure that a sufficiently detailed investigation has been undertaken before disclosure of the facts. It is an unattractive proposition to provide details of an internal investigation in haste and without a proper understanding of the conduct, not least because the nature of the wrongdoing (or whether there has been wrongdoing) may not be apparent at the early stages of an investigation.

2.3 How, and in what format, should the findings of an internal investigation be reported? Must the findings of an internal investigation be reported in writing? What risks, if any, arise from providing reports in writing?

There is no requirement to provide voluntary disclosure of investigation findings in a specific format, such as in writing, rather than an oral briefing. It is a matter for the entity to decide on the extent and format of any disclosure made. A written report will undoubtedly be viewed more favourably in the context of any enforcement action, given that it demonstrates cooperation and is likely to contain a more complete examination of the relevant issues and underlying facts with evidential value.

However, there are risks associated with written reports. A report may contain findings or information that are damaging at a stage where the full picture is not known. Conversely, a report with too many caveats may be regarded as lacking. By disclosing a written report to law enforcement authorities, an entity runs the risk that the information contained in it will be used to open an investigation into the company. Moreover, a written report may be open to misinterpretation or misuse, which is possibly avoided (or the risks reduced) if the results of an internal investigation are presented orally instead.

Ultimately, however, any investigating authorities to whom matters are to be reported will expect materials in writing to be retained and may serve statutory production orders to compel the provision of information that is not legally privileged. Any oral report provided will likely be swiftly followed for a request from the enforcement agency for a written report of the same.

3 Cooperation with Law Enforcement Authorities

3.1 If an entity is aware that it is the subject or target of a government investigation, is it required to liaise with local authorities before starting an internal investigation? Should it liaise with local authorities even if it is not required to do so?

Entities are not required to liaise with law enforcement authorities before starting an internal investigation, but there may possibly be benefits to such early engagement, and it would be viewed favourably and encouraged by the authorities. For instance, if an agency is given the opportunity to comment on the proposed scope and purpose of an investigation, then the entity can ensure its report is appropriate. Early engagement may also avoid risks associated with tipping off and "trampling on the crime scene". However, an entity should remain

cautious about disclosing information about possible wrongdoing without first having a proper understanding of the nature or extent of the conduct. To do so may result in an inappropriate or inaccurate self-report, which is not in the interests of any party involved.

3.2 If regulatory or law enforcement authorities are investigating an entity's conduct, does the entity have the ability to help define or limit the scope of a government investigation? If so, how is it best achieved?

Regulators and law enforcement authorities will retain full and independent control of the investigation process and will have extensive statutory powers to gather evidence as part of their investigation; for example, to compel entities to answer questions or produce documents.

Engagement with a regulator may, however, help to define or limit the scope of its investigation; guidance can be given regarding the relevance of material and the proportionality of requests for information and documentation.

3.3 Do law enforcement authorities in your jurisdiction tend to coordinate with authorities in other jurisdictions? What strategies can entities adopt if they face investigations in multiple jurisdictions?

The global nature of today's businesses, combined with the increasing availability of extraterritorial statutory powers to obtain evidence and extraterritorial offences, means that jurisdictional issues are becoming more prevalent. Law enforcement authorities in the UK frequently share information with authorities in other jurisdictions including through mutual legal assistance (MLA) agreements, via organisations such as Eurojust, or through alternative routes such as the UK-US Data Access Agreement, which recently came into force and allows law enforcement authorities in the UK and US to demand communications data from telecoms operators in each other's countries without the need for MLA.

There are increasing numbers of truly joint investigations by agencies from different states. Where an entity faces investigation in multiple countries, it will usually be advisable to engage legal advisors in all relevant jurisdictions and ensure that engagement with the authorities is coordinated with a view to a global strategy. For example, some jurisdictions may offer more favourable routes for reaching a settlement (sometimes without admission of criminal wrongdoing), which could give rise to *ne bis in idem* and double jeopardy arguments in other jurisdictions. In some circumstances it may be possible to pursue a "global settlement" that addresses criminal and civil risks in all relevant jurisdictions. Inevitably, approaches will depend on the nature and degree of cooperation between authorities in the different jurisdictions.

4 The Investigation Process

4.1 What steps should typically be included in an investigation plan?

All investigations are different, and planning must be approached on a bespoke basis and kept under review. An investigation plan may define the subject and scope of the investigation as well as the roles and responsibilities of the investigation team. It may include an outline of what tasks are to be performed, with timelines and rules of engagement (e.g. to preserve confidentiality and privilege).

An investigation plan should ensure that all relevant material is identified, collected and preserved, which will include securing hard-copy data and electronic data. How the investigation team will review the data and which individuals should be interviewed will also need to be determined.

4.2 When should companies elicit the assistance of outside counsel or outside resources such as forensic consultants? If outside counsel is used, what criteria or credentials should one seek in retaining outside counsel?

A decision on whether to use outside counsel or resources should be made with reference to the nature of the alleged misconduct, the issues to be determined, the kind of expertise required and the relevant experience of the intended resource. In circumstances where government intervention is likely, the independence of outside counsel who can attest to the validity of decisions made or procedures used and do so without being hampered by internal company politics is likely to enhance the credibility of the end result of the investigation. Moreover, it should ensure that relevant expertise is available to advise on matters that may pose significant financial and reputational risks, as well as the risk of imprisonment for individuals including senior management.

In the event that non-lawyer experts are used, e.g. forensic accountants, clear rules should be established to ensure that communications back to the client maintain legal privilege as far as possible. This will ensure that, provided the investigation can be properly conducted within the confines of legal professional privilege, the investigation can proceed without the concern that the entity will be required to provide material generated during the investigation to the authorities.

5 Confidentiality and Attorney-Client Privileges

5.1 Does your jurisdiction recognise the attorney-client, attorney work product, or any other legal privileges in the context of internal investigations? What best practices should be followed to preserve these privileges?

Legal professional privilege falls into two categories: (i) legal advice privilege; and (ii) litigation privilege. Briefly, (i) legal advice privilege attaches to communications between a client and a lawyer for the dominant purpose of giving or obtaining legal advice, and (ii) litigation privilege attaches to documents created for the dominant purpose of conducting existing or reasonably contemplated adversarial litigation.

The availability of legal professional privilege has been scrutinised in a number of recent cases. In particular, such privilege needs to be carefully considered on a fact-specific basis rather than assuming blanket protection, and may be a factor affecting whether an investigation is desirable and, if so, when and how it is carried out. Evidence should be recorded, for example what litigation was in contemplation and why, to support any subsequent claim.

5.2 Do any privileges or rules of confidentiality apply to interactions between the client and third parties engaged by outside counsel during the investigation (e.g. an accounting firm engaged to perform transaction testing or a document collection vendor)?

As above, litigation privilege may apply to documentation prepared in relation to reasonably contemplated litigation, and

any communications with third parties would be subject to rules of confidentiality. The use of third parties should be carefully considered and care taken to ensure, where possible, that their work is protected by legal privilege – generally by ensuring instruction is through external counsel appointed to advise on and/or handle the internal investigation – and that measures are in place to guard against inappropriate disclosure.

5.3 Do legal privileges apply equally whether in-house counsel or outside counsel direct the internal investigation?

In short, yes, except in cases relating to European Union law (typically cartels or anti-corruption cases) where in-house lawyers cannot claim legal professional privilege over internal communications with employees. Although in-house counsel are inevitably closer to the business than external counsel, in the context of legal privilege, the "client", i.e. the corporate entity, is the same and legal privilege applies equally to any communications/material generated during the course of an internal investigation. However, claims of privilege will be easier and clearer if external counsel are instructed, seeing as, purely as a matter of perception, they are distinct from the business.

5.4 How can entities protect privileged documents during an internal investigation conducted in your jurisdiction?

Confidentiality must be maintained in respect of all legally privileged material. Practically, it is good practice (though not determinative) for all legally privileged material created during the course of an investigation to be marked appropriately (e.g. "*Confidential – Subject to Legal Professional Privilege*"). More fundamentally, the material should be treated so as to ensure that privilege is maintained (e.g. not inappropriately disclosed beyond the client team internally or externally).

Legally privileged documents uncovered during an investigation, either produced in the course of obtaining legal advice or in the course of separate litigation, should be separately stored and marked (e.g. "*Legally Privileged*").

5.5 Do enforcement agencies in your jurisdictions keep the results of an internal investigation confidential if such results were voluntarily provided by the entity?

Enforcement agencies will keep the results of any internal investigation confidential unless there is a requirement to share it with another agency or regulator. The same entity may be under investigation for criminal offences whilst simultaneously being under investigation (by a different entity) for regulatory breaches. The extent to which agencies will share information is dependent on their particular memoranda of agreement, although there are statutory gateways permitting such exchanges. Before providing any material, it would be prudent for the corporate to consider the risks of onward disclosure and liaise with the enforcement agency as necessary (acknowledging that an enforcement agency would usually be loath to provide undertakings that inhibited sharing).

6 Data Collection and Data Privacy Issues

6.1 What data protection laws or regulations apply to internal investigations in your jurisdiction?

Any internal investigation must respect the requirements of the UK GDPR and additional provisions applicable under the Data Protection Act 2018. On that basis, "personal data" (broadly, data from which a living individual can be identified) needs to be accorded its proper protection under the law and processed lawfully, taking into account the rights of the data subject (the person whom the data identifies) and the lawful bases of processing under the GDPR whilst ensuring the integrity, security and confidentiality of the data at issue. There are exemptions to certain requirements where legal professional privilege is concerned or where regulatory functions or the prevention and detection of crime is engaged.

6.2 Is it a common practice or a legal requirement in your jurisdiction to prepare and issue a document preservation notice to individuals who may have documents related to the issues under investigation? Who should receive such a notice? What types of documents or data should be preserved? How should the investigation be described? How should compliance with the preservation notice be recorded?

Issuing a retention requirement (also known as a "hold notice") for individuals who are (or have been) under confidentiality obligations to the entity undertaking the investigation is generally considered best practice. It is to be anticipated that to the extent that the individual has documents that pertain to the business affairs of the entity, they will already be under a legal obligation to hold them subject to the rights of the entity itself. The policies of the entity as to the use and retention of electronic data on media not owned by it for processing data belonging to it (and knowledge about how such policies operated in fact), as well as to the rules concerning the retention of hard-copy material, will provide crucial information as to what material might exist. Necessarily, an obligation to preserve materials will require some information to be imparted about the circumstances in which preservation is to take place. This should be sufficient to allow informed retention choices, but without disclosing specific details that would give rise to an increased risk of destruction.

6.3 What factors must an entity consider when documents are located in multiple jurisdictions (e.g. bank secrecy laws, data privacy, procedural requirements, etc.)?

Data protection and bank secrecy laws in other jurisdictions remain a key element for consideration, especially as to whether relevant data can be transferred across national borders for the purposes of internal investigations. Well-informed expert (internal or external) counsel qualified in the relevant jurisdiction should be consulted before data is secured and in anticipation of any transfer. Particular care should be taken in relation to data transfers to non-EEA countries where the provisions of Chapter V of the (EU) GDPR become relevant. The present somewhat uncertain position on data transfers to the US based upon contractual terms, etc. in the light of the shrinking down of the EU-US Privacy Shield requires the most careful consideration in transfers of data between those jurisdictions. The position may become clearer following the 2022 Executive Order from the US President intended to reset the EU-US data sharing relationship, including in the law enforcement space. Consideration should be given not only to the transfer of data but also to the facts elicited from the data themselves in the form of summaries and reports, etc.

6.4 What types of documents are generally deemed important to collect for an internal investigation by your jurisdiction's enforcement agencies?

Tradition has it that emails provide the most interesting and pertinent evidence. This is no longer true given the increasing variety of media that are used for communications and that evidence an individual's state of mind and conduct. It follows that not only should servers holding emails and other electronic data be retained and imaged by experienced professional and independent third parties employed to do so or to oversee the actions of internal staff (who in doing so will meet the necessary standards for preservation of material to evidential standards for the purposes of litigation), but attempts should be made to secure portable electronic devices where relevant data may be stored in the device itself. Contact with service providers is also important in seeking to retain material held or stored by them that might otherwise not remain in existence because of its ephemeral nature.

6.5 What resources are typically used to collect documents during an internal investigation, and which resources are considered the most efficient?

As above, the employment of an experienced computer forensics team is vital in demonstrating both the integrity and thoroughness of the internal investigation. It is prudent for such a team (perhaps using different team members) to catalogue the material retained and to put in place relevant search tools to enable examination of the data (in copy format, preserving a "clean" original version). Liaison with internal and external counsel is crucial and provides an efficient basis for understanding what has happened in the investigation and why particular steps were taken, with a view to being able to explain the scope and integrity of the work undertaken to enforcement authorities that may become engaged.

6.6 When reviewing documents, do judicial or enforcement authorities in your jurisdiction permit the use of predictive coding techniques? What are best practices for reviewing a voluminous document collection in internal investigations?

The volume of electronic material generated in any business means that the review of this material in hard-copy format is no longer feasible. Enforcement authorities and lawyers engaged in internal investigations will always use document review platforms, of which there are many, to search for and review relevant material. Data obtained, usually by imaging the electronic devices, is uploaded on to the review platform in a searchable format so that keyword searches can be run across the data. This process identifies the relevant material for review.

AI-based processing (e.g. deduplication and "threading" of emails to identify the most inclusive email chains for review) and predictive coding (applying human coding decisions to a larger data set) are now regularly used in order to make reviews of large volumes of data manageable. There is nothing about the use of such methods to prevent the material being used or found to be admissible in subsequent proceedings: admissibility questions are dependent to a large extent on the nature of the documents themselves, and not the means by which they are discovered.

7 Witness Interviews

7.1 What local laws or regulations apply to interviews of employees, former employees, or third parties? What authorities, if any, do entities need to consult before initiating witness interviews?

Although current employees will often be expected, by virtue of the terms of their contracts of employment, to comply with internal investigations, former employees or third parties may be more difficult to interview as there is no threat of disciplinary action for their failing to cooperate with the entity's internal investigation.

Ordinarily, the authorities do not need to be consulted before initiating witness interviews, save that it may be prudent to do so in cases where the authorities have already been notified that an internal investigation is afoot (for example, where a self-report has been made), or where a self-report is being considered to the SFO or other enforcing authority (potentially with a view to a DPA) where there is a risk that the enforcing authority will view such interviews as "trampling the crime scene" (see question 2.2 above).

7.2 Are employees required to cooperate with their employer's internal investigation? When and under what circumstances may they decline to participate in a witness interview?

Employees cannot be compelled to attend an investigation interview, but failing to attend or cooperate with an investigation without reasonable excuse may mean that they are acting in breach of relevant duties towards their employer. Failure to attend an interview may therefore lead to disciplinary action being brought against that employee.

7.3 Is an entity required to provide legal representation to witnesses prior to interviews? If so, under what circumstances must an entity provide legal representation for witnesses?

An entity is not required to provide legal representation to witnesses, although a witness cannot be prevented from seeking legal advice. However, the entity retains control of the investigation and so it may determine who can or cannot attend internal investigation interviews, i.e. lawyers for the witness can be prevented from attending. If an entity is considering providing legal representation, careful thought must be given to the attendant costs and delays that this may entail; in some circumstances, an entity's Directors' & Officers' Insurance Policy may provide for legal fees for certain witnesses, but thought should be given to the overall fairness if only some employees are provided with legal representation by the entity.

If an employee is viewed as a potential suspect as distinct from a witness, it may be appropriate for the employee to be offered legal representation prior to the interview.

7.4 What are best practices for conducting witness interviews in your jurisdiction?

Interviewers should, where possible, be consistent so as to avoid any difficulties when comparing and contrasting different accounts. A variation of the "Upjohn Warning" should be provided to interviewees at the commencement of an interview, namely a warning:

informing the interviewee that the lawyers involved are advising the entity and not the individual interviewee; giving a brief explanation of the background of the investigation; allowing requests for clarity when the interviewee is making a statement of fact or is speculating or stating a belief; and reminding the interviewee of the need for confidentiality and not to discuss matters with their colleagues or senior management.

Consideration should be given to the form of interview record required in the circumstances, including having regard to legal privilege and whether it may be advisable to disclose such interview records to enforcement authorities in due course. Companies engaging in cooperative self-reporting, for example with a view to obtaining a DPA, may find themselves under pressure to waive privilege in relation to interview notes, or, if there has been early engagement, encouraged to progress any ongoing interviews in a way that ensures they are not protected by legal privilege.

7.5 What cultural factors should interviewers be aware of when conducting interviews in your jurisdiction?

England & Wales is a multicultural and diverse society, and thus interviews should be conducted respectfully and sensitively as regards such matters.

7.6 When interviewing a whistleblower, how can an entity protect the interests of the company while upholding the rights of the whistleblower?

Provided an entity can demonstrate that it has not discriminated against the whistleblower because of their disclosure (see question 1.2 above), it is unlikely that the entity can be said to have breached the whistleblower's rights. It is imperative that the investigation team comprise individuals who are completely independent from the areas of the business that are the subject of the investigation, as this demonstrates that the concerns raised by the whistleblower are being taken seriously and thoroughly investigated. The entity should clarify in any interview with a whistleblower that its lawyers are acting for the entity and not the individual, but also make it clear that the entity is aware of the whistleblower's status and that their disclosure is protected.

7.7 Can employees in your jurisdiction request to review or revise statements they have made or are the statements closed?

It will commonly be the case that "witness statements" are not taken from employees during the course of an internal investigation. As stated at question 7.4 above, the interview records required will depend upon the circumstances of the case and may be in the form of summary notes. Any information provided during the course of an internal investigation, including through a fact-finding meeting, can be presented to the employee for verification.

7.8 Does your jurisdiction require that enforcement authorities or a witness' legal representative be present during witness interviews for internal investigations?

There is no requirement that enforcement authorities be present for witness interviews during internal investigations, and it would be highly unusual for them to do so. Interviews by enforcement authorities are an entirely separate process. Legal representatives for witnesses are also not required to be present, but may do so in some circumstances – see question 7.3.

8 Investigation Report

8.1 How should the investigation report be structured and what topics should it address?

Before producing a written investigation report, consideration may be given to whether the key findings should be presented orally to the client. It may be that an oral report is all that is required, and this will avoid creating a report/record over which arguments as to privilege may then arise – in addition, the ability to circulate an oral presentation is limited (although board minutes recording such presentations should make clear, where appropriate, the parts of any board meeting subject to legal professional privilege).

The structure and content of an investigation report will depend on the particular circumstances. It will often contain an introduction (describing the background to the investigation), a summary of the relevant regulatory regime or circumstances in which the misconduct arises, details of the investigative steps and factual findings, a summary of any improvements or remedial action already taken, advice in relation to potential offences and enforcement action, and recommendations in relation to further actions (e.g. further investigative steps, an analysis of potential actions or recommendations for actions under employment law, remedial actions, self-reporting).

9 Trends and Reform

9.1 Do corporate investigations tend to lead to active government enforcement in your jurisdiction? Has this increased or decreased over recent years?

If corporate internal investigations identify serious corporate wrongdoing that is reported to law enforcement, there is a high likelihood that enforcement action will follow. The context, nature of the offending, and the law enforcement authority in question provide for important differences. However, if the offending is sufficiently serious and evidence is disclosed (or will be obtainable) to provide good prospects of a conviction, there will be a significant risk that prosecution will follow. Enforcement action may stop short of prosecution even in serious cases, and self-reporting (and appropriate remedial action) will increase the prospects of alternative outcomes – whether that is, for example, a DPA in relation to economic crime, or an enforcement undertaking or variable monetary penalty in relation to environmental crime. Inevitably, the less serious the wrongdoing, the greater the chance of alternative outcomes or avoiding enforcement action altogether.

Enforcement action against corporates has increased significantly in recent years, with a very pronounced trend towards corporate criminal liability (see question 9.2).

9.2 What enforcement trends do you currently see in your jurisdiction?

There is a significant trend towards broadening and prosecuting corporate criminality liability. That means both: (1) treating much more seriously "regulatory" offences that may involve limited fault by the *company* – for example in relation to environmental crime, health and safety, food safety, or fire safety – with fines for the largest organisations in serious cases increasing from tens of thousands to millions and tens of millions (and sometimes more) within little over a decade, in addition to significantly increased risks of imprisonment for senior management in the worst cases; and (2) extending the "regulatory" approach to new areas

including economic crime, such as by introducing a new model of "failure to prevent" (FTP) offence. Subject to certain requirements, FTP offences make commercial organisations criminally liable if employees and other "associated persons" commit a relevant offence (to date, bribery and the facilitation of tax evasion), with no mental fault needing to be attributed to the organisation, subject to a defence that the organisation had in place adequate/reasonable procedures to prevent the offending.

Regulatory offences are easy to commit and difficult to defend, with the upshot that criminal risks for corporates have increased significantly, a trend that is set to continue.

9.3 What (if any) reforms are on the horizon?

In June 2022, the Law Commission (the UK government's consultative body on changes to the law) published an "options paper" proposing further possible reforms to corporate criminal liability for the government to consider. The Law Commission proposed a number of new FTP offences (in addition to bribery and the facilitation of tax evasion), most notably a FTP fraud offence, but also other possible offences including an offence of FTP human rights abuses. The Law Commission also proposed other reforms, including of the "identification doctrine", the fundamentally important doctrine by which corporates are usually held criminally liable for offences involving a mental element (such as fraud), so that it would apply broadly to "senior management" and thus significantly expand the category of individuals whose wrongdoing could be attributed to the corporate.

There has also been a shift towards the potential for significant civil penalties to be imposed directly by regulators. The government will legislate to give the Competition and Markets Authority (CMA) and the EA powers to issue multimillion pound civil penalties; the CMA will have the power to fine companies up to 10% of their global turnover and the EA the power to fine polluting water companies up to £250 million. These new powers are designed to make enforcement action quicker, simpler, and more cost-effective for the regulators, avoiding the need for prosecution in the criminal courts.

Michael Drury is one of the most experienced white-collar lawyers operating in England today, being involved in the field since 1985 and his admission as a barrister (subsequently as a solicitor). He was a founding member of the Serious Fraud Office (SFO) in 1988 and is the last of that cadre in full-time practice, afterwards becoming Legal Director at GCHQ, the UK government's electronic intelligence and security agency, and, for the past 12 years, practising as a partner at BCL Solicitors LLP, where he has been engaged in representing clients investigated by the SFO, FCA, NCA and in overseas jurisdictions.

BCL Solicitors LLP
51 Lincoln's Inn Fields
London, WC2A 3LZ
United Kingdom

Tel: +44 207 430 2277
Email: mdrury@bcl.com
URL: www.bcl.com

Richard Reichman is a partner specialising in corporate crime and regulatory investigations. He is ranked in *Chambers and Partners* and *The Legal 500*. He has extensive experience representing companies and individuals in relation to the most serious, complex and high-profile contentious matters. Richard provides proactive advice regarding crisis management, large internal and external investigations, regulators' powers, prosecutions and associated proceedings such as inquests. He advises regarding a broad range of offences, such as corporate manslaughter, gross negligence manslaughter, health and safety, food safety, environmental (he advised regarding the largest-ever investigation by the Environment Agency), fire safety and consumer protection.

BCL Solicitors LLP
51 Lincoln's Inn Fields
London, WC2A 3LZ
United Kingdom

Tel: +44 207 430 2277
Email: rreichman@bcl.com
URL: www.bcl.com

Tom McNeill is a partner at BCL Solicitors LLP specialising in business crime and regulatory enforcement. His work focuses on serious and complex crime, including crisis management, corporate and director liability and corporate investigations. Tom advises on a broad range of matters including regulatory investigations and prosecutions by the police/CPS, HSE, ORR, Local Authorities, Fire and Rescue Authorities and Environment Agency, and financial crime investigations and prosecutions including by the SFO, NCA, FCA, City of London Police and in overseas jurisdictions.

BCL Solicitors LLP
51 Lincoln's Inn Fields
London, WC2A 3LZ
United Kingdom

Tel: +44 207 430 2277
Email: tmcneill@bcl.com
URL: www.bcl.com

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