

# **CLIENT ALERT**

# Foreign and Domestic Enforcement Authorities Fill the Vacuum Created by DOJ's Enforcement Pause

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### AUTHORS

William J. Stellmach | Jason Linder | Robert J. Meyer | Michael S. Schachter Rita D. Mitchell | Sonali D. Patel | Andrew English | Juliet Gunev Sean Sandoloski

On February 10, 2025, as we analyzed <u>here</u>, President Trump issued an Executive Order "pausing" enforcement of the Foreign Corrupt Practices Act (the "FCPA") by the U.S. Department of Justice ("DOJ") for at least 180 days and directing DOJ to promulgate new (and presumably more restrained) enforcement guidance. As we predicted then, in recent weeks authorities here and abroad have begun to step into the gap created by DOJ's possible retreat.

First, on March 20, 2025, enforcement authorities of the United Kingdom, France, and Switzerland jointly <u>announced</u> the creation of the International Anti-Corruption Prosecutorial Taskforce (the "Taskforce"). The Taskforce includes the UK's Serious Fraud Office ("SFO"), France's National Financial Prosecutor's Office (known as the Parquet National Financier) and Switzerland's Office of the Attorney General. The Taskforce's <u>Founding Statement</u> recognizes "the significant threat of bribery and corruption," that "the threat is complex and international in nature," and that therefore "success relies on [authorities] working closely and effectively together."

The Taskforce builds on, and is a formalization of, the close working relationships that authorities in the three countries have developed over the past decade or so, including in significant public resolutions against, inter alia, <u>Glencore</u> (U.K. and Switzerland) and <u>Airbus</u> (U.K. and France). The Taskforce includes a leaders' group (aimed at a "regular exchange of insight and strategy"), a working group (aiming at cooperating on specific cases), and a focus on developing best practices and operating efficiencies in working together.

Second, on April 2, 2025, accompanied by a <u>press release</u> drolly titled "It Remains Illegal to Bribe Foreign-Government Officials," California Attorney General Rob Bonta issued <u>guidance</u> that his office would begin suing companies under California's Unfair Competition Law ("UCL") for conduct that violates the FCPA. The UCL is an expansive statute that broadly prohibits "unlawful, unfair or fraudulent" conduct across nearly all business practices. Much like the federal Travel Act (18 U.S.C. § 1952), the UCL borrows violations of other laws as "independently actionable" predicates for claims that conduct constitutes "unfair competitive practices."

A claim under the UCL requires an injury in California; the law does not apply extraterritorially. Typically, that requires either injury to in-state plaintiffs or by in-state conduct. There is a private right of action under the UCL, so both the AG and private parties may sue under it. But because a UCL violation generally does not give rise to compensatory damages remedies (although it does usually give rise to civil penalties, restitution, disgorgement, and injunctive relief), there may be limited appetite by private plaintiffs to bring suit.

#### What This Means for Companies

We are only two months into DOJ's pause of FCPA enforcement, so it is too early to predict what enforcement will look like after the 180-day period expires or is extended. But, taken together, the Taskforce and the California AG's announcement are signs that authorities other than the U.S. federal government may engage more actively in investigating and prosecuting corruption. And, collectively, California and the three countries involved in the Taskforce likely reach the substantial majority of companies subject to the FCPA's activity.

Other foreign authorities and other states may join the hunt. Enforcement of federal criminal statutes closely adjacent to the FCPA—including money laundering, financial fraud, tax evasion, and others—is not (technically, at least) presently paused and may increase in time. And other federal agencies—the SEC, the CFTC, and others—may attempt to take a more active role in anti-corruption work, too.

The increased enforcement scrutiny these developments indicate, and the additional activity that may be coming down the pike, strongly counsel in favor of the continued importance of maintaining effective compliance programs that detect and mitigate corruption risks. That is especially true because the FCPA's statute of limitations will outlast the current administration.

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## If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

William J. Stellmach	Jason Linder	Robert J. Meyer	Michael S. Schachter
+1 202 303 1130 wstellmach@willkie.com	+1 310 728 8329 jlinder@willkie.com	+1 202 303 1123 rmeyer@willkie.com	+1 212 728 8102 mschachter@willkie.com
Rita D. Mitchell	Sonali D. Patel	Andrew English	Juliet Gunev

#### Sean Sandoloski

+1 202 303 1047 ssandoloski@willkie.com



BRUSSELS CHICAGO DALLAS FRANKFURT HOUSTON LONDON LOS ANGELES MILAN MUNICH NEW YORK PALO ALTO PARIS ROME SAN FRANCISCO WASHINGTON

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