

*In determining whether to approve the DPA, the Court made no findings of fact. There was no process by which the culpability of any individual was determined or assessed. Although the Court observed that companies act through individuals—and therefore considered certain aspects of individual conduct—it did not hear evidence from any individuals or invite them to give their account. No individual has made any admission of any of the conduct set out below and some individuals have denied their involvement in the alleged misconduct. The judgment on the DPA addressed only the culpability of Ultra Electronics Holdings Limited, and not that of any individual. Accordingly, no findings of any kind were made against any individual.*

**IN THE CROWN COURT AT SOUTHWARK BETWEEN:**

**SERIOUS FRAUD OFFICE**

**V**

**ULTRA ELECTRONICS HOLDINGS LTD (PREVIOUSLY PLC)**

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**STATEMENT OF FACTS**

**PREPARED PURSUANT TO PARAGRAPH 5(1) OF SCHEDULE 17 TO THE CRIME  
AND COURTS ACT 2013**

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**INTRODUCTION**

1. This is an agreed Statement of Facts, in relation to a Deferred Prosecution Agreement (“DPA”), relating to the alleged commission by Ultra Electronics Holdings Plc (now Ltd)<sup>1</sup> of three offences of failure to prevent bribery, contrary to section 7 of the Bribery Act 2010. It relates to the draft Indictment referred to in the DPA. No individual mentioned in this document has admitted any misconduct arising from the matters addressed herein.

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<sup>1</sup> Company Registration No. 02830397

2. References to “**UEH**” in this Statement of Facts are to Ultra Electronics Holdings Plc (now Ltd). References to the “**Ultra Group**” are to UEH together with its subsidiaries, at the time of the conduct set out in this Statement of Facts.
3. The Serious Fraud Office (“**SFO**”) investigation into the Ultra Group, its employees and associated persons has concerned the suspected payment of bribes by associated persons, including the suspected payment of bribes facilitated through local agents in Oman and Algeria to secure high-value infrastructure projects in those countries.
4. Between 2009 and 2011, Ultra Electronics Limited (“**UEL**”),<sup>2</sup> a wholly-owned trading subsidiary of the Ultra Group, through its business unit Ultra Electronics Airport Systems (“**UEAS**”), was engaged in a bid for a major Information Technology and Systems project for Muscat and Salalah airports in Oman called ‘Main Contract 6’ (the “**MC6 Project**”). The attempt to secure the MC6 Project was successful, although ultimately the contract was significantly loss-making.
5. UEL also bid for two projects in Algeria between 2014 and 2017: the first concerned the provision of IT and e-commerce solutions at the Houari Boumediene Airport in Algiers (the “**Airport Project**”) and the second pertained to the provision of public key infrastructure for the Algerian Ministry of Post and Information and Communication Technology (“**MPICT**”) (the “**PKI Project**”) and together with the Airport Project, the “**Algerian Projects**”). UEL’s attempts to secure the Algerian Projects were unsuccessful.
6. At the relevant time, UEH did not have in place adequate procedures designed to prevent associated persons from engaging in such conduct.

## **THE COMPANY**

7. UEH was incorporated in the United Kingdom under the name Ultra Electronics Holdings Ltd in 1993. UEH was listed on the London Stock Exchange in 1996 and formed part of the FTSE 250 Index until 2022. It was headquartered in Greenford, Middlesex and subsequently relocated to London.
8. The principal activity of UEH’s trading subsidiaries is the design, development and manufacture of electronic systems for the international defence and aerospace market. Each year between 2009 and 2017, the Ultra Group employed approximately 4,150 to

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<sup>2</sup> Company Registration No. 02830644

4,850 staff worldwide and revenue was in the range of GBP 651 million - GBP 786 million per annum. At the relevant time, the Ultra Group was split into several divisions, which themselves included a number of semi-autonomous business units. One of those businesses was UEAS, which was a trading name used by UEL and other Ultra Group entities with respect to sales of specialised IT software solutions to improve the operational performance of airports and airlines. In January 2019, UEAS was sold and no longer forms part of the Ultra Group.

9. On 1 August 2022, the Ultra Group was acquired by Cobham Ultra Acquisitions Limited ("**CUAL**"), a company newly formed for the purposes of that acquisition (the "**Acquisition**"). CUAL was and is a subsidiary of Cobham Ultra Limited ("**CUL**"), which sits within a corporate structure encompassing the Cobham and Ultra groups of companies which are controlled by fund entities managed and/or advised by Advent International L.P. and its affiliates ("**Advent**"). These fund entities comprise the Advent International GPE IX fund programme (the "**Advent Funds**"). The Advent Funds indirectly own CUAL and CUL. Advent does not itself own CUL, CUAL or UEH, but does indirectly control CUL, CUAL and the Ultra Group as the ultimate investment manager of the Advent Funds.
10. For the avoidance of doubt, the Acquisition post-dates all conduct under investigation by the SFO. Advent, CUL, CUAL and the wider Cobham group of companies are not associated in any way with the misconduct described in this Statement of Facts. The Advent Funds, Advent and CUAL were only provided with very limited information in relation to the SFO investigation into the Algerian Projects and were provided with no information on the MC6 Project conduct set out below, prior to the Acquisition.
11. After the Acquisition, UEH was delisted from the London Stock Exchange.

## RELEVANT INDIVIDUALS AND ENTITIES (MC6 PROJECT)

### OIC and Ithra

12. UEL and Oman Investment Corporation SOAC (“**OIC**”) jointly bid for the MC6 Project. OIC was incorporated in Oman in 2005. It was a bid requirement for UEL to partner with an Omani business. The Chief Executive Officer of OIC was an Omani national, Kalat Al Bulooshi (“**Al Bulooshi**”). The MC6 Project was jointly awarded to UEAS and OIC, referred to in the letter of award as “Ultra ELECTRONICS in collaboration with Oman Investment Corporation”.
13. This led to the formation of a joint venture company owned 70% by UEH and 30% by OIC. The joint venture was registered in Oman on 20 August 2011 as ‘Ultra Electronics Airport Systems (Middle East) LLC’ and was later renamed ‘Ultra Electronics in Collaboration with Oman Investment Corporation LLC’ to match the letter of award. The joint venture was referred to as “**Ithra**”.

### Golden Way Trading & Contracting LLC

14. Golden Way Trading & Contracting LLC (“**Golden Way**”) was registered in Oman in January 2009. It was 99% owned by Mohamed Al Maskari (“**Al Maskari**”).

### Ultra Group Employees (the MC6 Project)

15. Between 2004 and 2009, Graeme Stacey (“**Stacey**”) was the Managing Director of UEAS. He was promoted in January 2010 to be one of the Ultra Group’s four Divisional Managing Directors with responsibility for managing multiple business units. Stacey was a UEH-nominated director of Ithra between 18 September 2011 and 24 September 2012.
16. James Bethell (“**Bethell**”) joined UEL in July 2009 as Managing Director of the Oman Airports Programme. He was recruited to lead the MC6 Project bid. Between 2011 and 2012, he acted as Ithra’s Project Director. In June 2012, he was reassigned to another role but retained some responsibilities for the MC6 Project. He resigned from UEL in October 2013.
17. Aidan Douglas (“**Douglas**”) was employed by UEL in July 2009. On 1 January 2010, he became a Managing Director of UEAS reporting to Stacey. Douglas was a UEH

nominated director for Ithra between 18 September 2011 and, on or around, 26 September 2012.

18. Kevin O'Donnell ("**O'Donnell**") joined UEL in August 1998 as a Commercial Manager.
19. David Cliffe ("**Cliffe**") was employed in June 2005 as a Finance and Information Systems Director and promoted in May 2009 to be a Divisional Finance Director covering multiple business units, a role that was extended to cover a second division in October 2016 but reverted to one division shortly before he retired in 2019. Except for a brief period between 2009 and 2010, Cliffe reported to Stacey. Cliffe was a UEHnominated director for Ithra between 18 September 2011 and 24 September 2012.
20. Andy Shirtcliffe ("**Shirtcliffe**") was Group Accountant for UEL and was seconded to Ithra between October 2011 and December 2013.
21. Grant Levy ("**Levy**") joined Ithra in March 2012, succeeding Bethell as Project Director for the MC6 Project.
22. None of the above individuals remain employed by the Ultra Group.
23. All of the above individuals are British nationals.

## **RELEVANT INDIVIDUALS AND ENTITIES (ALGERIAN PROJECTS)**

### Joint Venture

24. In 2011, UEH entered into a joint venture ("**JV**") with an overseas company ("**JV Partner**") as 50% shareholders in a company incorporated overseas. At that time, the JVJV board comprised three directors appointed by UEH (including the JVJV CEO) and three by JV Partner.
25. The JV Partner had several overseas companies affiliated with it. They are identified by the term "**JV Affiliate**" in this Statement of Facts. Where it is not possible to identify from the contemporaneous documentation whether JV Partner or JV Affiliate was referenced, the term "**JV Partner X**" was used.

### SGSIA

26. The Société de Gestion des Services et Infrastructures Aéroportuaires ("**SGSIA**") was the Algiers Airport authority responsible for the Airport Project. Tahar Allache

(“**Allache**”) was the Director General of SGSIA. Mohamed (Amine) Kheider was an official in SGSIA and Achour Omar Aboudil was also an official in SGSIA.

### CSCEC

27. China State Construction Engineering Corporation (“**CSCEC**”) is a Chinese state-owned construction company, which was appointed by SGSIA as the main contractor for works for the Airport Project.

### MPICT

28. MPICT (as defined above) was responsible for the PKI Project. Ahmed Berbar (“**Berbar**”) was the Director General of MPICT. Moussa Benhamadi (“**Benhamadi**”) was a former minister for MPICT and a Director of SPA Condor Electronics (“**Condor**”), incorporated in Algeria and a subsidiary of the Condor Electronics Group, an Algerian conglomerate which works in electronics.

### Ultra Group Employees (Algerian Projects)

29. Senior Executive 1 (“**SE1**”) was employed full-time by UEL between July 2005 and April 2019 and was contractually obliged to perform services for UEL and accept such duties as were required by the company.
30. In 2011, SE1 was also appointed as one of UEL’s nominated directors to the board of JV, serving as Managing Director and CEO of JV. SE1 remained in those roles throughout the Algerian Projects.

### Agents (Algerian Projects)

31. Adel Khalef (“**Khalef**”) was a consultant involved with a firm known as Algérie Advice Corporation (“**Algerie Advice**”), incorporated in Algeria. Khalef was involved in both Algerian Projects.
32. Fodhil Kerkache (“**Kerkache**”) was involved with a company known as Mega Cooling Limited (“**Mega Cooling**”) incorporated in Algeria and 02 Forces Espagne Limited (“**02 Forces**”) incorporated in Spain. Kerkache was only involved in the Airport Project.
33. Edwin ‘Ted’ Roberts (“**Roberts**”) was a British Chartered Accountant and a business partner of Khalef. He was the Director of Algeria Advice Limited, a company incorporated in the UK. Roberts was only involved in the PKI Project.

## THE INVESTIGATION

34. In early 2018, UEH instructed solicitors to assist with an internal investigation following communications from Roberts from August 2017, in which he threatened legal action, claiming he was owed fees and expenses incurred in relation to the PKI Project. In those communications, in an apparent attempt to persuade UEH to settle his claim, he referred to payments to an agent in Algeria that he described as “*dubious*”.
35. From February 2018, Algerian media published reports of alleged corruption involving Ultra companies and Algerian officials from SGSIA.
36. On 23 March 2018, during the earliest stages of their internal investigation, UEH’s solicitors made a self-report on behalf of UEH to the SFO, providing copies of key documents they had identified.
37. On 12 April 2018, the Director of the SFO (“**DSFO**”) opened a criminal investigation into suspected offences of corruption in the conduct of business by UEH and associated persons in Algeria. On 18 April 2018, the SFO conducted searches during which hard copy and digital material was seized. SE1 was arrested on 18 April 2018 and interviewed under caution the following day.
38. During the course of 2018, UEH conducted its own extensive internal investigation into the Algerian Projects, liaising closely with the SFO to ensure that steps taken in UEH’s internal investigation did not prejudice the SFO’s investigation. UEH presented the findings of the investigation to the SFO and provided comprehensive disclosure of relevant documents, followed by the provision of a highly detailed factual narrative report in January 2019. UEH provided limited waivers of legal professional privilege over key material provided to the SFO.
39. On 26 February 2021, the SFO invited UEH to enter negotiations for a DPA in respect of its failure to prevent bribery by associated persons to secure the Algerian Projects.
40. However, in July 2022, at a late stage in the DPA negotiations, UEH disclosed to the SFO information regarding the conduct of Ultra Group employees in Oman. UEH informed the SFO that an internal investigation into this conduct in 2015 had not identified evidence of bribery and corruption. This analysis of the material was not accepted by the SFO who withdrew from the DPA negotiations on 11 November 2022.

41. In December 2022, the DSFO expanded the scope of the investigation to include suspected corruption in the conduct of business by UEH and associated persons in Oman.
42. Soon after the Acquisition, Advent appointed new management at UEH and a new internal legal and compliance team. UEH – together with Advent – also engaged new solicitors, Simmons & Simmons LLP, which carried out an extensive internal investigation into suspected bribery in Oman. UEH provided the SFO with comprehensive disclosure of relevant documents and this was followed by a presentation of the findings of the internal investigation in January 2024. Subsequently, UEH provided the SFO with a highly detailed factual narrative report, which made limited waivers of legal professional privilege over key material in both the January 2024 presentation and the narrative report. In January 2024, the SFO requested an extension of the scope of the internal investigation into other jurisdictions, including China. UEH provided extensive disclosure of relevant documents in relation to this strand of the internal investigation. In June 2024, UEH presented the findings to the SFO and provided a further highly detailed factual narrative report, again making limited waivers of legal professional privilege over key material referred to therein. In August 2024, the DSFO further expanded the investigation to the historic conduct of business by UEH in all jurisdictions. UEH conducted further reviews and presented the findings to the SFO in December 2024.
43. It can properly be inferred from the disclosed documents that, from 2005, SE1 engaged local agents in China, including CD Inc, to help secure high-value contracts to build or to supply airport and civil aerospace technological solutions, including by bribing those who could influence the award of such contracts. SE1 informed their managers of the engagement of these agents. This conduct preceded the commencement of section 7 of the Bribery Act 2010.
44. The SFO has examined and analysed the material provided by UEH and conducted its own extensive investigation which has included:
  - (A) Reviewing material obtained during the searches;
  - (B) Reviewing reports of internal investigations commissioned by UEH at the SFO's request and reviewing the relevant documentation provided by UEH;

- (C) Conducting interviews with a significant number of former employees of the Ultra Group as well as other suspects and witnesses in this jurisdiction and overseas;
  - (D) Making targeted requests for material from UEH and conducting reviews;
  - (E) Obtaining material and information both pursuant to notices issued under section 2 of the Criminal Justice Act 1987 and on a voluntary basis; and
  - (F) Issuing Letters of Request and European Investigation Orders and obtaining material including mailboxes and bank records.
45. Following the Acquisition, and within a short time of resuming constructive discussions with the SFO following the SFO's withdrawal from DPA discussions, UEH's new management adopted a renewed cooperative approach. Since that point, UEH has provided exemplary cooperation with the SFO's investigation which has included:
- (A) Facilitating interviews with former employees;
  - (B) Providing information on relevant individuals, which assisted the SFO's investigation;
  - (C) Assisting the SFO by identifying and providing potentially relevant material and information on matters of potential interest (including appropriate, limited waivers of legal professional privilege);
  - (D) Providing, under a limited waiver of legal professional privilege, materials produced by UEH's previous solicitors in relation to previous internal investigations into the MC6 Project;
  - (E) Providing highly detailed factual narrative reports setting out the findings of UEH's internal investigations, with supporting documentation (including limited waivers of legal professional privilege over relevant, contemporaneous legal advice);
  - (F) Providing detailed presentations to the SFO with supporting documentation on the findings of its internal investigations conducted into legacy businesses;
  - (G) Identifying and/or producing relevant overseas documents within the Ultra Group's control;

- (H) Facilitating SFO access to legacy Ultra Group entities and their data; and
  - (I) Conducting an extensive corporate compliance remediation programme, as set out below.
46. Following the self-report to the SFO, and in particular following the Acquisition, UEH has conducted an extensive corporate compliance remediation programme and undertaken reforms and investment to strengthen its compliance programme. These measures have included UEH seeking to take steps, during the course of the SFO's investigation since November 2022, to reflect the expectations of the SFO for reform of its compliance programme. During the investigation, UEH has regularly kept the SFO updated on remedial and compliance reforms undertaken, including through presentations and written updates. The positive steps taken since the Acquisition include, but are not limited to, the following:
- (A) Wholesale change to the Board of Directors of UEH and senior management of the Ultra Group.
  - (B) The appointment of an experienced Chief Compliance Officer, who has a direct reporting line to the Ultra Group Chief Financial Officer and Board of Directors.
  - (C) Instructing a leading law firm with appropriate specialist expertise to conduct an extensive assessment and review of the Ultra Group's overall compliance framework, including in relation to anti-bribery and corruption ("**ABC**") risk management, between March 2023 and December 2024. A report of their findings was provided to the SFO in March 2025. UEH has implemented each of the recommendations made.
  - (D) Instructing an external consulting firm to conduct an extensive risk assessment and review of the Ultra Group's anti-fraud compliance programme, in response to the coming into force of the new 'failure to prevent fraud' offence and updating the SFO on the findings from the same in November 2025.
  - (E) Taking measures designed to terminate all legacy joint ventures – including but not limited to those referred to in this Statement of Facts – and to radically reduce the number of intermediaries that are in use by the Ultra Group. The Ultra Group Chief Compliance Officer has provided the SFO with full briefings with respect to the background and roles played by each of the remaining intermediaries.

- (F) Enhancements to policies and procedures to the Ultra Group's Ethics & Compliance Programme. The Ethics & Compliance Programme includes, in particular, the following procedures which sit at Ultra Group level, in addition to further procedures at the level of each of the business units:
- (1) Code of Conduct;
  - (2) Global Supplier Code of Conduct;
  - (3) Selection and Management of Intermediaries Procedure;
  - (4) Anti-Bribery and Corruption Manual;
  - (5) Anti-Bribery and Corruption Policy: Intermediaries;
  - (6) Group Speak Up and Investigations Policy; and
  - (7) Group Sanctions Policy.
- (G) Proportionate, risk-based due diligence and onboarding processes for all intermediaries.
- (H) Extensive approval processes in relation to the appointment of intermediaries, including requiring approval by the UEH Board and Group General Counsel.
- (I) Extensive training is provided, and all relevant employees undergo obligatory training upon onboarding and annually thereafter, with consistently strong attendance. Enhanced anti-bribery training is provided in person to all higher risk functions and all senior employees, involving UEH's Group General Counsel and Chief Compliance Officer delivering face-to-face training to the Business Development and Compliance teams at each of the Business Units (involving travel to sites across the UK, US and Canada).
- (J) An audit by the Chief Compliance Officer, supported by UEH's Chief Financial Officer and UEH's solicitors, of the Ultra Group's financial controls on payments, including for: (i) expenses; (ii) third parties (including agents); (iii) gifts and hospitality; and (iv) charitable and political donations.

47. The Royal Canadian Mounted Police ("RCMP") conducted a parallel investigation into allegations of corruption in the Philippines between 2006 and 2018 concerning Ultra

Forensic Technology Inc. (“**UEFTI**”), a former Canadian subsidiary of UEH which was acquired by the Ultra Group in 2014. On 28 February 2023, the Superior Court of Quebec approved a Remediation Agreement between UEFTI and the Public Prosecution Service of Canada. A Remediation Agreement is the Canadian equivalent of a DPA. On 1 September 2023, UEH divested 100% of its shareholding in UEFTI which no longer forms part of the Ultra Group. UEFTI cooperated with the RCMP investigation, which was disclosed to the SFO by UEH in a timely manner and was not a factor in the SFO withdrawing from the previous DPA negotiations.

## **COUNT 1 [Oman MC6 Project]**

### **STATEMENT OF OFFENCE**

Failure of a commercial organisation to prevent bribery, contrary to section 7 of the Bribery Act 2010.

### **PARTICULARS OF OFFENCE**

Between the 1<sup>st</sup> of July 2011 and the 31<sup>st</sup> of July 2012, Ultra Electronics Holdings Limited failed to prevent persons associated with Ultra Electronics Holdings Limited from bribing officials concerned in the award of the Main Contract 6 Project for Muscat and Salalah Airports in the Sultanate of Oman, where the said bribery was intended to obtain or retain business or an advantage in the conduct of business for Ultra Electronics Holdings Limited.

### **SUMMARY**

49. The MC6 Project was a major Information Technology and Systems project for Muscat and Salalah airports, with an approximate value of GBP 150 million to GBP 200 million. As required by local law, UEL engaged a local Omani partner, Al Bulooshi, the Chief Executive of OIC, later the joint venture partner with UEH in Ithra. From late 2009, UEL employees discussed with Al Bulooshi, including within the project budget, a payment of 800,000 Oman Rial ("OMR"), (GBP 1.297 million as of 13 May 2012) (for a "*third man*" or "*fixer*" who could deliver a "*knockout blow*" and secure the bid for the project in Ithra's favour. It is apparent from the documents that this "*third man*" was believed to be in a position to influence the award of the project and may have been an official or connected to an official. In July 2011, the MC6 Project was awarded to Ithra. Following that award, Ithra entered into a consultancy agreement with an Omani company, Golden Way, for which it received a payment of OMR 800,000. Ultra Group employees arranged for this sum to be paid by Ithra in instalments into the personal bank account of Al Maskari and it can be inferred that they did so with a view to some or all of that sum being passed on as payment to an official for assistance provided.

### **FACTS**

50. Representatives of UEAS were informed of the MC6 Project in June 2008, and the following month, UEAS received an invitation to prequalify for the tender. The MC6 Project was one of over ten "Main Contracts" to deliver different elements or packages of the project to modernise and extend the capacity of the Omani international airports

in Muscat and Salalah. Initial planning for the MC6 Project submission took place in the late summer of 2008.

51. In December 2008, Stacey and the Head of Business Development for UEAS met Al Bulooshi with a view to working with OIC in connection with the project. UEL and OIC entered into a heads of terms agreement, dated 8 March 2009, which set out the basis for collaboration and the proposed establishment of a joint venture company to pursue the MC6 Project.
52. On 26 October 2009, UEAS and OIC submitted their first bid, dated 25 October 2009, of OMR 278,111,941 (GBP 443,157,472).
53. On 23 November 2009, O'Donnell emailed a spreadsheet containing various cost assumptions for the project which included an allocation of OMR 800,000 for a "*Local consultant – Kalat requirement 12.10.09*".
54. The second round of clarifications for the bid took place in February 2010 and a UEAS team travelled to Oman with the intention of meeting key stakeholders at the start of March 2010 (including from the government and the tender board) and to submit the bid.
55. UEAS and OIC submitted their second and reduced bid on 16 March 2010 of OMR 179,240,391 (GBP 307,581,888).
56. On 28 April 2010, Bethell met Al Bulooshi and summarised this meeting for Stacey and Douglas writing "*...Kalat says he is working on an alternative (much better) third man who would absolutely be able to deliver a knock out blow and he indicated who this new source was and I'll identify when in the office next week. Kalat says it is still too early to know he has this new third man available but if he can secure him then he is without doubt a very serious and powerful player and if Kalat can get access to him then this would be an outstanding card, but I would take my fez off to Kalat if he can access at this level...*".
57. On 28 May 2010, Douglas emailed Bethell with the subject line "*Spoke to Kalat*" and wrote: "*...His 3rd man does not want a share in JV but a single payment which Kalat believes is too high - he is pushing for evidence of intel or influence before committing to negotiation...*".

58. Following the third round of tender clarifications issued by the Oman Ministry of Transport and Communications (“**MOTC**”) on 31 July 2010, UEAS and OIC submitted a third bid reduced to OMR 149,070,178 (Revised Baseline Price), OMR 172,521,564 (Optional Price) and OMR 159,989,812 (Second Option Price).
59. Discussions between Ultra Group employees concerning the use of a “third man” continued into the summer of 2011.
60. On 18 April 2011, UEAS and OIC submitted their ‘best and final offer’ of OMR 129,313,187.
61. On 20 June 2011, Douglas informed UEAS employees that the Government of Oman Tender Board had effectively selected UEAS and OIC as the preferred bidder for the MC6 Project but had requested a further meeting to discuss final matters and would probably “ask for a final squeeze on price”.
62. On 25 June 2011, UEAS and OIC reduced the bid price to OMR 127.5 million (approximately GBP 206.4 million).
63. In July 2011, Stacey sought a World Check report on OIC in anticipation of establishing the joint venture company between OIC and UEH, stating in his cover email that “*the Omani Government has a significant indirect stake in the ownership of OIC*”. Bethell requested that the check include Al Bulooshi. On 22 July 2011, the report was provided to Stacey. The covering email from World Check flagged that the company and individuals by association were politically exposed.
64. On 17 October 2011, Stacey forwarded the report to David Garbett-Edwards (UEH’s Company Secretary) stating “...*my view is that the political exposure identified as a risk is acceptable to Ultra as the root cause of the risk is the state ownership of OIC*”. David Garbett-Edwards replied, “*You’re rather missing the point! The reason that the report has highlighted a risk at OIC is because of its ultimate ownership by the Oman Government. You need to explain why this does NOT pose a risk to Ultra*”. Stacey responded, “*We teamed with a government organisation to get access and influence to government officials to enable us to counter the lobbying power of our competitors... Have you any idea what the right answer might look like?*”. David Garbett-Edwards further queried, “*How do you **know** that OIC have acted in a wholly ethical and proper manner in all their dealings with the Oman Government?*” and Stacey replied, “*I don’t!*”.

65. In July 2011, the MC6 Project was awarded to Ithra. At the time, the MC6 Project was the Ultra Group's largest project by value. UEH's then CEO wrote at the time that the MC6 Project would establish Ultra "*as a leader in airport technology projects*" and would "*secure jobs and create new employment within Ultra's Manchester subsidiary*".
66. Between September 2011 and February 2012, Bethell, Douglas and O'Donnell discussed payment to the "third man" of OMR 800,000 to persons referred to as "*Spartans*". On 9 October 2011, Bethell wrote to Douglas "*Can you let me know what has been decided within Ultra wrt the Spartans*". Two days later, Douglas wrote to Bethell "*PS Still need to speak about Spartans when you are available*".
67. On 5 March 2012, Stacey requested "*a copy of the [CD Inc] Consultancy agreement for 'services'*" from a UEL employee as he was "*looking to use a similar thing on Oman*". Four days later, he sent an amended and unsigned version of the agreement to Al Bulooshi, Bethell and Douglas. Stacey explained that he had "*structured the payments into three tranches; one following receipt of each of the Advance payment, the first payment for preliminaries and the first payment of a monthly progress payment...*".
68. The first version Stacey sent was dated March 2012 and further versions were exchanged around this time. The agreement was to be between Ithra and "ZZZZ" and provided that: "ZZZZ" had been actively involved in the promotion of Ithra technologies and services for MC6; that Ithra had appointed "ZZZZ" to promote it directly to the customer (the Government of Oman) and relevant government bodies; and that "ZZZZ" was to provide "*marketing, public relations and other services and consultancy to aid and assist in Ithra being selected for MC6*". The agreement also provided that the representation fees were "*as agreed at the start of the campaign and will amount to OMR 800,000*" and that following the receipt of the advance payment for MC6, Ithra would pay "ZZZZ" the first of three equal instalments of services and consultancy and that the remainder would be paid in two further instalments.
69. On 4 April 2012, the MC6 Project contract was signed between Ithra, the Oman Ministry of Finance and the MOTC.
70. On 25 April 2012, Al Bulooshi emailed Stacey, Bethell and Douglas: "*Please find attached signed agreement by the agent. I have managed to negotiate the payments to 70/15/15 percent based on the MS proposed. Please sign and send back to me. Please also advise where should he send his invoice to and who should he address it to...*". In this version of the agreement, references to "ZZZZ" in the first draft sent by

Stacey had been replaced with “*Golden Way*” or “*Golden Way LLC*” or “*GW*”. It was also signed on behalf of Golden Way.

71. Despite having received a version of the agreement signed by Al Maskari on behalf of Golden Way, on 27 April 2012, Stacey emailed an amended version of the agreement on behalf of Ithra to Al Bulooshi with the subject line “*GW representation agreement*”. This version appears to have been signed by Stacey and on behalf of Golden Way by an unidentified signatory. In this version, the representation fee of OMR 800,000 was split into four instalments (15% following the MC6 Project contract signature, 55% following receipt of the first advance payment, 15% following receipt of the first payment for preliminaries and 15% following receipt of the first monthly progress payment). Rather than referring to Golden Way as providing “*marketing, public relations and other services... in Ithra being selected for MC6*” (as in the earlier draft) it referred to them “*providing in-country liaison and other local communication services... to assist in Ithra delivering MC6*”.
72. On 30 April 2012, Stacey emailed Levy and Shirtcliffe (Cliffe copied in) with the subject line “*Consultants*”. He stated, “*A head's up that there is an invoice coming your way from a business called Golden Way - a guy engaged by Kalat to help him to access the right people in the respective government departments, to get information out of them and lobby for Ithra to overcome the general lack of will to do anything. There certainly was at one point money in the bid for consultant fees like this as Kalat had briefed that this kind of support was necessary in Oman, especially around new companies, new contracts, visas and the first invoices and payments. I hope it remained as a line item in the final throes of negotiation...*”. Levy replied (removing Shirtcliffe from the email chain), “*Without knowing the background this does not sit comfortably with me. I don't propose that we exchange e-mails on this but would appreciate a discussion when you are here in May...*”.
73. Golden Way provided a total of three invoices to Ithra for payments under the representation agreement. Ithra made a total of OMR 800,000 (GBP 1,297,226) in payments to Golden Way between May and July 2012. On 2 May 2012, Al Maskari emailed Al Bulooshi and Bethell an invoice for OMR 560,000 in respect of the first two payments under the representation agreement. Al Bulooshi noted to Stacey that the payment was to be made to Al Maskari’s personal bank account in Oman. On 3 May 2012, Bethell emailed O’Donnell, requesting certain details concerning the costs “*for Kalat’s third man*”. He then approved payment of the invoice. Al Maskari submitted two further invoices of OMR 120,000 each, requesting payment to the same bank account

in Al Maskari's name. Both invoices were approved for payment by UEL employees in June and July 2012.

74. The MC6 Project proved to be operationally and financially challenging. On 22 January 2015, the MOTC gave 14 days notification of the termination of the Ithra MC6 Project contract, terminating it on 9 February 2015. Ithra's anticipated gross profit at or around termination was GBP 865,000. Separately, as reflected in available accounting records, UEAS made a gross profit of GBP 369,000 from a subcontract it entered into with Ithra and an estimated gross profit of GBP 3.447 million from the sale of licence fees to Ithra, in each case as part of the MC6 Project. Ultimately, however, the contract was significantly loss-making: through its joint venture share of Ithra, UEH reported a loss of GBP 31.8 million in its 2014 accounts.

## **COUNT 2 – [Algeria Airport Project]**

### **STATEMENT OF OFFENCE**

Failure of a commercial organisation to prevent bribery, contrary to section 7 of the Bribery Act 2010.

### **PARTICULARS OF OFFENCE**

Between 1<sup>st</sup> of May 2016 and 31<sup>st</sup> of August 2017, Ultra Electronics Holdings Limited failed to prevent persons associated with Ultra Electronics Holdings Limited from bribing others in order to secure a project for Information Technology and E-commerce solutions at the Houari Boumediene Airport in Algeria, where the said bribery was intended to obtain or retain business or an advantage in the conduct of business for Ultra Electronics Holdings Limited.

### **SUMMARY**

76. UEAS was invited to bid for the Airport Project by CSCEC. UEH and the JV Partner agreed to cooperate in the preparation of the bid through the joint venture. SE1, whilst employed by UEL, arranged consultancy agreements between JV Partner X and Algerian agents Khalef and Kerkache. These agreements stipulated substantial commission payments to be made by a JV Affiliate to the Algeria agents on the award of the project. It can properly be inferred that the purpose of the agreements was to facilitate the corruption of senior officials who would influence the tender, in that SE1 made several payments to Khalef to reimburse him for bribes he claimed to have paid. The bid was ultimately unsuccessful. Throughout the bidding process, SE1 worked for UEL and was the CEO of JV.

### **FACTS**

#### **CSCEC invites UEAS to bid for the subcontract**

77. In March 2014, CSCEC was in the process of submitting a bid to SGSIA for the main contract for works to build a new terminal at Houari Boumediene Airport in Algiers, Algeria (the “**Airport**”). CSCEC was required to include in its bid a price for the supply of IT solutions. On 18 March 2014, CSCEC invited UEAS to provide a quotation for the IT solutions. On 29 March 2014, a quote was submitted on behalf of JV to CSCEC of RMB 51,649,044 (approximately EUR 6.04 million).

78. In July 2014, CSCEC informed JV that CSCEC had won the tender for the main works at the Airport and was now working on finalising a contract with SGSIA. CSCEC invited JV to identify cost saving solutions in relation to the earlier quotation and this request was then forwarded to staff of UEAS.
79. SGSIA and CSCEC executed the main works contract on 29 October 2014. In December 2014 CSCEC sent UEAS a bid invitation letter.
80. On 19 April 2015, a revised JV quotation was submitted to CSCEC in the sum of USD 4.68 million. Of this overall bid, the amount to be received by UEAS was approximately USD 1.5 million. CSCEC considered the bid to be too high and requested that the overall bid be revised to one of between USD 3 million and USD 3.5 million. Further discussions took place which resulted in a reduced bid being submitted to CSCEC.

#### Teaming Agreement

80. On or around 22 April 2015 JV Partner X, a 3<sup>rd</sup> party company ("**Teamer 1**") and UEL entered into a teaming agreement in relation to the Airport Project (the "**Teaming Agreement**").
81. Under the Teaming Agreement:
  - (A) The parties agreed to cooperate with each other and form a team to submit the bid and if successful perform the work for the Airport Project;
  - (B) The object was to market the combined capabilities of the parties, campaign to win the bid and undertake the project;
  - (C) JV Partner X was to be the prime bidder and contractor, contracting with CSCEC, and responsible for executing the major component of the proposed contract;
  - (D) UEL was to subsequently enter into a subcontract with JV Partner X for the project and provide (amongst other things) IT products and co-ordinate the customisation of these products for the purpose of carrying out the project;
  - (E) Teamer 1 was to provide financial support; and
  - (F) The tender for the project was to be jointly prepared by the parties.

## Meetings with SGSIA in January 2016

82. In January 2016, meetings between representatives of UEAS, JV Partner X, CSCEC and SGSIA took place in Algeria. A memorandum of the meeting prepared by a representative of UEAS described the tendering process for the Airport Project as follows:
- (A) CSCEC would receive the “*commercial/ scope proposals*” from each vendor;
  - (B) CSCEC would conduct an internal review and compile a shortlist;
  - (C) CSCEC’s shortlist would be provided to SGSIA Director General Allache with their recommendation of the best supplier; and
  - (D) Although there were conflicting views at the meeting in terms of who would decide the winner (CSCEC or SGSIA), the SGSIA project director, Kheider, said that final approval would be given by SGSIA.
83. SITA and RESA were identified as competitors for the Airport Project.
84. The memorandum noted that Allache “*remains the key decision maker (confirmed by all we spoke too). We need to visit him at some point soon, in the next 2 weeks. The competition has been visiting him monthly!*”.
85. Attempts were made to arrange face to face meetings with Allache, whilst SGSIA analysed the bid proposals. However, it appeared to UEAS’s representatives that he was seeking to avoid any such meeting.
86. In late April 2016, UEAS’s representatives made contact with UK Trade & Investment at the British Embassy in Algeria (“UKTI”). UEAS requested assistance in arranging a meeting with Allache in May 2016. UKTI suggested that UEAS attend the UK-Algeria Investment Forum on 22 May 2016 and indicated it would arrange a meeting with Allache.

## Engagement of Algerian Agents

87. On 22 May 2016, SE1 was introduced to Khalef by an employee of UKTI at the UKAlgeria Investment Forum, hosted at the residence of the UK ambassador to Algeria. They also attended meetings with CSCEC and SGSIA on behalf of UEAS. A few days after leaving Algeria, SE1 was in contact with Kerkache, who informed them

that he needed to speak to his *“internal contact about the proposed payment terms”*. SE1 replied, thanking him for his help for UEAS on the Airport Project, and provided disparaging information about UEAS’s competitor, SITA.

88. On 30 May 2016, SE1 emailed Khalef a proposed consultancy agreement for the JV Partner to engage Khalef’s services through Algeria Advice in relation to the Airport Project. In his response, Khalef explained the agreement was necessary for progress to be made with UEAS’s bid for the Airport Project. He wrote, *“Discussion we agreed that these points don’t really hurt the interests of the big boss. The guys here are ok with this draft because it secures the third party “Fodhil Kerkache”. Also TA [Allache] is waiting for instructions to go a head so we urgently need now need to sign this and Kerkache’ contract so that we make immediate moves at the airport... we even laughed at t because the big boss yesterday night said " this agreement looks like a second wedding certificate for Adel". Lol. he was making fun of me obviously”*.
89. It can properly be inferred that the consulting fee was, in fact, a disguised payment to a senior official – the “big boss”. Khalef wrote: *“it is imperative to dissociate and separate consulting fees and sales commissions to be paid 30 days after invoicing (consulting fees are not sales commissions) they are service and immediate lobbying fees to be paid to the consulting provider (officially me but realistically it’s the big boss)”*. SE1 replied, *“Your Big Boss is certainly an interesting and powerful man like pulling your leg”*.
90. On 31 May 2016, Khalef emailed SE1 informing them that he had spoken to the ‘big boss’ and *“This afternoon TA got the message from above that he must make himself quickly executing for ULTRA, no delays, no waste of time”* and that *“in no time the client will be your slave”*. He stated the importance of finalising the agreement between JV Partner X and Kerkache. The reference to “TA” in this email can be inferred to be Tahar Allache.
91. The following day, SE1 emailed Kerkache that a sales representative agreement was being drafted by JV Partner X, who SE1 described as “Ultra’s partner”, and thanked him for his assistance to UEAS.
92. On 2 June 2016 SE1 emailed UKTI (copying in colleagues at UEAS) informing them *“...we are currently working with Algeria Advisors and its President who are helping Ultra to position and win the bids”*.

## Consultancy Agreements

93. A signed consultancy agreement between a JV Affiliate and Algeria Advice was dated 7 June 2016. Under that agreement:
- (A) JV Partner X appointed Algeria Advice to be its consultant;
  - (B) Algeria Advice was to use its best endeavours to secure the Airport Project for JV Partner X;
  - (C) Algeria Advice was to receive a fee for each contract entered into by JV Partner X;
  - (D) Algeria Advice was to receive a fee of 30% of the net contract value for the Airport Project once JV Partner X had been paid;
  - (E) Algeria Advice appointed Kerkache to be its sales representative and a JV Affiliate was required to set up a separate Sales Representative Agreement with him; and
  - (F) The JV Affiliate was to appoint a representative from JV Partner X or Ultra to give instructions to Algeria Advice in relation to the Airport Project.
94. On 13 June 2016, SE1 wrote CSCEC a letter of commitment on behalf of UEAS, clarifying the scope of supply to SGSIA for the Airport Project and confirming that the local support partner would be Mega Cooling. SE1 wrote, *“in order to improve our positioning with CSEC and Algeria airport to win the Algeria New Terminal contract, Ultra is prepared to commit to Algeria for application software licences at no additional cost should the system be extended into the existing Terminal...”*.
95. On 16 June 2016, SE1 emailed Kerkache a proposed sales representative agreement between Mega Cooling and a JV Affiliate that SE1 suggested they would ask JV Partner X to sign within the next few days, if it could be agreed. In subsequent days, SE1 discussed the amount of commission payable with Khalef and Kerkache by email. SE1 copied the Head of Projects & Services and the individual responsible for Bid Support at the Ultra business unit that shared office space with JV Partner X into the correspondence with Kerkache, but not with Khalef.
96. On 20 June 2016, Kerkache responded, *“For the 30% commission at the signature of the contract, you need to know that it’s not a condition of MEGA. It’s coming from our*

*internal contact. He don't want to discuss this point...*", to which SE1 replied, "*I understand your point well as the consultant has spoken to me yesterday...*".

97. On the same day, Khalef emailed SE1 "*if you fail giving Fodhil the guaranteed payment of commissions advance at the contract signature then that will make you just lose everything with the big boss and TA...This 30% commissions advance has been imposed and instructed from above...*"
98. SE1 discussed the requirements of Kerkache's 'internal contact' with JV Partner X's management. SE1 said that not to accept the request could "*have a risk that they drop [JV Partner X] and support SITA*". SE1 reported back to Kerkache that JV Partner X was prepared to accept the 30% commission on the condition that the contract price was inflated to at least EUR 4.5 million and preferably EUR 5 million.
99. The signed representation agreement between a JV Affiliate and Mega Cooling was dated 28 June 2016. Under that agreement:
  - (A) Mega Cooling was to represent and promote "*the products and technologies of Ultra Electronics*" for the Airport Project on behalf of the JV Affiliate;
  - (B) The JV Affiliate was to pay 15% of the net contract value as commission to Mega Cooling once the JV Affiliate had been awarded the contract and received payment;
  - (C) The commission was to be calculated as 15% of the net contract value; and (D) Payment was to be made to 02 Forces.
100. On 28 June 2016, Khalef signed a declaration that formally appointed Kerkache as his Sales Representative for the project and clarified that the 30% gross commission payable was to be split equally at 15% each between Algeria Advice and Mega Cooling.

#### Payments to Khalef and Kerkache

101. CSCEC initially appeared reluctant to sign the subcontract with JV Partner X. Consideration was therefore given to JV being the contracting entity. However, when JV did not meet CSCEC's subcontractor qualification criteria, CSCEC agreed to contract with JV Partner X. JV Partner X appears to have considered some of the contractual terms unreasonable, which led to a delay in finalising the subcontract. This

caused frustration to Khalef whose entitlement to commission was contingent on the subcontract being signed.

102. On 3 September 2016, Khalef emailed the Managing Director for the JV Partner and its affiliates (with SE1 copied in) *“remember that it is the big boss of SGSIA who opened the door to us, and, if there’s only one person who could close that door that’s him as well. The CEO of SGSIA is the absolute only boss and main decision maker...we are more protected than what you ever think...”*.

103. On 11 September 2016, Khalef sent SE1 a series of messages (on the WhatsApp messaging platform) suggesting that his ‘boss’ had intervened to prevent the subcontract being awarded to SITA (the main competitor):

*“This morning my boss saved your life.”*

*“CSEC asked SGSIA to cancel your contract.”*

*“This morning csec was begging SGSIA to reinstate SITA. I can ask you to come to Algiers and I will take you to SGSIA so you see for yourself hat they are under my hand now and it’s ways beyond Fodhil TA and csec. I told you my boss is a fucking monster.”*

104. SE1 replied *“I know all of this. I owe everything to you...”*. The same day SE1 sent a message (on the WeChat platform) to representatives of UEAS and the JV Partner: *“Pls note CSCES has re-engaged SITA signing up the Algeria contract. Pls read my email to some of you. We are about to lose all the things we have done for the second time. You know we were lost to SITA before. I used Adel companies influence to get back to the negotiation table”*.

105. On 13 September 2016, SE1 made a payment of GBP 21,933 to Khalef’s Barclays Bank account. The funds were paid through AB Ltd, an overseas company under SE1’s personal control. It can properly be inferred that SE1 directed this payment to reimburse Khalef for money he claimed he had spent on corruptly pursuing the bid.

106. On 15 September 2016, SE1 paid Kerkache a further EUR 5,485. The funds were transferred from AB Ltd to 02 Forces.

### Communications regarding UEAS's role in the bid

107. On 28 September 2016, CSCEC wrote to representatives of UEAS and JV Partner X that they wished to contract with UEAS and not JV Partner X or JV in relation to the Airport Project. CSCEC stated that UEAS had been used for the promotion and marketing of the project as a well-known name in the airport IT systems market and CSCEC and SGSIA had placed reliance on the letter of commitment confirming UEAS's role as CSCEC's IT subcontractor.
108. On 24 January 2017, SE1 received an email from UKTI noting that UKTI had spoken to Khalef and Kerkache about the project and asking how much of the Algeria airport business would be won for "*Ultra Electronics*", as UKTI can only represent UK business interests. SE1 replied the following day that all the products were from the UK and that the JV Partner had very little role to play in the project. SE1 explained that "*Ultra asked [initials redacted that are assumed to reference JV Partner X] to help front Ultra UK's 'bid' and negotiation with the Chinese main contractor and deal with the local partner such as Fodhil only*".
109. On 25 May 2017, CSCEC emailed SE1 and other UEAS and JV Partner X representatives, referring to the contract between CSCEC and UEAS being revised and checked carefully. A reply was sent on behalf of JV Partner and UEAS to arrange a teleconference. At this stage, whilst CSCEC's draft subcontract was with UEL, it appears that the identity of the entity that would sign the subcontract with CSCEC had yet to be resolved.

### Khalef's provision of sensitive documents

110. On 24 February 2017, Khalef emailed SE1 that he had obtained "*key super sensitive figures which represent the real budget of the SGSIA projet being built by CSCEC*" from "Omar", who it can be inferred was Achour (Omar) Aboudil, an SGSIA official. He sent the figures stating they would be valuable in UEAS's and JV Partner X's negotiations with CSCEC as they revealed what CSCEC was being paid by SGSIA. SE1 forwarded this email to JV Partner X's management.
111. On 6 March 2017, Khalef emailed SE1 saying, "*...remember that my tactics is what secured your deal for Ultra, and remember that I have brought you SGSIA senior manager Omar to your hotel and who provided us with internal financial documentations that no one can get...*"

112. On 11 March 2017 Khalef sent SE1 correspondence between CSCEC and SGSIA *“Please delete this email as soon as you see the letter as it is strictly internal between SGSIA and CSEC. Omar and I are working together with Amine Kheider [senior SGSIA official]”*. Three days later, he updated SE1, *“...My work strategy and SGSIA internal support is killing them [CSCEC]”*.
113. On 7 April 2017, Khalef sent a message to SE1 stating, *“Please note that I have paid Omar [Aboudil] and Amine [Kheider] from my pocket tonight...Please keep your eyes on your mailbox for Ultra airport confirmation...”* to which SE1 replied: *“Thanks. Noted...”*.
114. On 24 April 2017, Khalef informed SE1 that he had spoken to Amine Kheider who would provide him with SITA's bid price, allowing UEAS and JV Partner X to bid slightly lower and win the tender. The following day, Khalef sent a message to SE1, stating: *“Amine Kheider just called me. Sita submitted their answer just minutes ago. They made it as 1.300.000. Go ahead and nail them at 1.200.000”*.

#### Payments to senior officials through Khalef

115. On 8 August 2017, Khalef requested money from SE1 who responded that they were *“struggling to find the money to settle our friend demand”*. Khalef replied that *“...The director of cabinet is he extreme high level man and I am involved in the massive shot now and disaster as he'd are men in their 60s and word has been given and respected...”*. SE1 indicated that they would try to raise the funds and Khalef replied *“Now a government member is waiting for me in Algiers tomorrow latest Saturday. What am I going to say to them [SE1]? They made it clear in terms of amount and action. They did their job and Ultra case is already gone from the ministry and currently with SGSIA...”*. Khalef added *“The ministers Director of cabinet called him twice today asking for his shit...”*
116. SE1 responded on 10 August 2017, *“the first 5000 is on its way to your ac....tell Reda it takes a couple of days to get the required shit you can then fly to see the director...”*. On 11 August 2017, SE1 confirmed that they would send another GBP 10,000. SE1 transferred GBP 5,000 to Khalef the same day from their personal bank account. Khalef replied, *“I will wait for the rest on Monday and fly to Algiers. I said to Reda who I just hang up with that I will hand him the full cash of £15,000 and I keep things with him to deal with the director of cabinet...I am Ina. Massive disagreement with them because hey don't know what to say to he guy who's expecting his full envelop tomorrow as*

*agreed*". On 14 August 2017, SE1 transferred to Khalef a further GBP 10,000 from their personal bank account.

#### Conclusion of the bid

117. On 27 November 2017, Khalef emailed SE1 a letter he described as "*internal very sensitive*" from SGSIA to CSCEC, dated 9 June 2016, and which confirmed that SGSIA and Allache had selected "*Ultra Electronics*" as the winner.
118. In late November / early December 2017, UEL finalised a retrospective bid approval form. The bid price set out in the form included an approximately equal division between JV Partner X and UEL with the UEL portion of the bid price being GBP 1,118,271. UEL's expected gross profit was GBP 459,807.
119. SE1 emailed CSCEC on 14 January 2018 in the following terms:
- "Attn: The senior management at CSCEC*
- Dear Sir/Madam,*
- We wish you a successful completion of T4 Terminal in 2018!*
- Attached please see the letter from SGSIA executive committee dated in June 2016.*
- We look forward to hearing from you, and above all to working with you for the completion of this project".*
120. On 17 January 2018, SE1 received an email from CSCEC that "*due to your extremely high quotation and arrogant attitude*", SGSIA had awarded the Airport Project to another supplier. This effectively marked the end of UEAS's bid for the Airport Project.

## **COUNT 3 [Algeria PKI Project]**

### **STATEMENT OF OFFENCE**

Failure of a commercial organisation to prevent bribery, contrary to section 7 of the Bribery Act 2010.

### **PARTICULARS OF OFFENCE**

Between 1<sup>st</sup> of July 2016 and 31<sup>st</sup> of July 2017, Ultra Electronics Holdings Ltd failed to prevent a person associated with Ultra Electronics Holdings Ltd from bribing others in order to secure a project for the provision of public key infrastructure works for the Algerian Ministry of Post and Information and Communication Technologies, where said bribery was intended to obtain or retain business or an advantage in the conduct of business for Ultra Electronics Holdings Ltd.

### **SUMMARY**

122. 121. In 2016, the MPICT launched a tender for the PKI Project. JV bid on the PKI Project as part of a consortium. It can properly be inferred that SE1, whilst employed by UEL, purchased an Apple iPhone for Berbar, the Director General of MPICT, as a reward for his providing the Request for Proposal (“RFP”) outside of the standard bid prequalification process. SE1 arranged a consultancy agreement between a JV Affiliate and Algeria Advice (Khalef), which included a USD 4 million fee and a separate agreement between the JV Affiliate and Benhamadi, a former MPICT minister, for USD 1.5 million. It can properly be inferred that the purpose of the consultancy agreement was to facilitate corrupt payments to senior officials who would influence the tender in favour of the consortium. It can further be properly inferred that SE1 arranged for Khalef and Benhamadi to apply to open bank accounts overseas to receive corrupt payments and created false employment contracts to disguise the reason for such payments. The consortium failed to secure the award of the PKI Project.

### **FACTS**

#### **Launch of PKI Project tender**

123. In April 2016, the MPICT launched a national and international tender for the acquisition of technical equipment for the:

- (A) National Electronic Certification Authority;

- (B) Governmental Electronic Certification Authority;
  - (C) Economic Electronic Certification Authority; and
  - (D) Collectively, this is referred to as the PKI Project.
124. SE1 informed a Sales Manager within the relevant Ultra Group business unit, Ultra Communication and Integrated Systems (“**CIS**”), that the budget for the PKI Project was between USD 45 million and USD 60 million.
125. On 8 July 2016, Khalef emailed SE1 to inform them of the RFP and offer his assistance. SE1 passed the information about the PKI Project to the Sales Manager of Ultra CIS.

#### Purchase of Apple iPhone for Ahmed Berbar

125. On 21 July 2016, SE1 followed up with the Sales Manager on email “*My local partner has good business intelligence. Will try to get a free RFP before officially buy, because we need to decide what name of the bidder/company to buy the tender...*”. The same day, Khalef emailed SE1, “*My partner colleague says that this guy his knows at the telecom ministry is kind and amazing. He’s gotten us the RFP attached...He’s asking me for a telephone from Apple to give him as a thank you gift. Can you do it?... Please send it by DHL to thank this man at the ministry. My colleague tells me we will find him later on our side to help while we participate with ultra. He is the commission member of the decision board...*”. SE1 thanked him and forwarded the RFP to Ultra CIS colleagues. A few days later Khalef reminded SE1 to purchase the mobile phone, adding “*what he did for you is an exceptional favour against the law...*”.
126. On 29 July 2016, SE1 emailed Ultra CIS colleagues that they would use the JV Partner to purchase the tender documentation.
127. On 4 August 2016, Khalef emailed SE1 explaining that the mobile phone was for Berbar, the Director General of MPICT and provided the details of the model he had requested. SE1 confirmed that they would purchase the mobile phone and on 9 August 2016 messaged Khalef to inform him “*I have got your friend Iphone model he wants. See you next Sunday*”.

#### Consultancy Agreements

128. Khalef arranged for SE1 to meet Benhamadi, a former minister for MPICT, in Algeria. Benhamadi was a Director of Condor. On 9 August 2016, SE1 updated colleagues in

Ultra CIS, *"I will be in Algeria on 13<sup>th</sup> Aug to meet the agent and potential local partner for PKI tender...I am intending to bid this project..."*. Following that meeting, SE1 sent Benhamadi (copying in Khalef and Ultra colleagues) a draft teaming agreement between JV, Condor Electronics and a Malaysian IT engineering company.

129. On 12 September 2016, Khalef sent a message to SE1, stating: *"I want that benhamadi consultancy contract ready next week for 1.5 million and mine for the amount I will tell you later. It's being discussed at a high level here. That's why we are coming to [redacted] benhamadi and I beginning of October"*.
130. On 19 September 2016, SE1 sent Khalef a draft supplementary agreement dated 23 September 2016 between JV Partner X and Algeria Advice stipulating his consultancy fees in relation to the PKI Project. Under that draft supplementary agreement:
- (A) The agreement refers to and in part supersedes the agreements dated 7 and 28 June 2016;
  - (B) The consultancy fee for Algeria Advice was to be no less than USD 4 million and was for *"indirect marketing and special consultancy fee"*; and
  - (C) Algeria Advice was to help speed up the PKI tendering and evaluation process and help the JV Partner X / Ultra consortium win the bid.
131. Khalef replied urging SE1 to finalise the agreement with Benhamadi as *"He is the source of PKI success bid..."*.
132. On 20 September 2016, SE1 sent Khalef a consultancy agreement for Benhamadi. Under that agreement, Benhamadi was to act as a consultant to JV Partner X for a fee of USD 1.5 million, as *"additional cost on top of [initials redacted that are assumed to reference JV Partner X]/Ultra consortium bid price"*, and use *"all reasonable endeavours to assist the company secure the Subject Business [PKI tender]"*.
133. On 22 September 2016, Khalef replied, requesting payment of 30% of his USD 4 million commission (USD 1.2 million) on the day the Algerian government published the name of the successful bidder. He stated *"This clause is not négociable ...mr benhamadi secures and guarantees the win at the very highest level...Mr benhamdi's firm amount of commission remains untouched and unchanged. We confirm hat it is 1.5. Regarding mine it is 15% of the total amount of the contrat..."* He followed this with a message

stating: *“These people want their money and they rule the country. Benhamadi will tell you this himself”*.

#### Opening of bank accounts for Benhamadi and Khalef

134. SE1 made arrangements to open a bank account outside Algeria for Benhamadi and Khalef. It can properly be inferred that SE1 did so in order to facilitate corrupt payments. SE1 noted the need to create evidence of employment in order to satisfy the bank’s compliance department about the reason for any payments. Benhamadi’s profile as a former minister caused concern to Khalef, who instructed SE1: *“Do not mention his political side”* and *“Don’t say he is the president Bouteflika adviser”*. SE1 responded, *“...do not worry I do not say anything except the company needs to employ him to pay salary to him”*. Khalef replied, *“...you are soon going to realise who is moussa Benhamadi and soon going to be received by the boss. They are going to make millions through you...”*
135. An offer of employment letter was created in respect of Benhamadi dated 5 October 2016 purporting to show his employment by a 3<sup>rd</sup> party as *“Chief Engineer for Airport Systems Integration Project in Algeria”* with remuneration of HKD 120,000 (GBP 12,098) per month.
136. A letter with the same date was created in respect of Khalef purporting to show his employment by the same 3<sup>rd</sup> party as *“Assistant Chief Engineer for Airport Systems Integration Project in Algeria”* with remuneration of HKD 75,000 (GBP 7,562) per month.
137. On 3 October 2016, both these letters were emailed by a JV Partner X representative to the Bank, with SE1 copied in, requesting to arrange the opening of bank accounts for Benhamadi and Khalef to be used to pay their salaries. SE1 sent Khalef a number of WhatsApp messages identifying further KYC documentation required by the bank, such as utility bills. Khalef replied *“Just sent you Benhamadi papers. Look at his bank statement lol painful isn’t it. That’s 140 billion dinars which is 14 million dollars available balance. That’s just one of his accounts”*.
138. Benhamadi and Khalef arrived in the country where the bank was located on 5 October 2016 in order to open their bank accounts in person and to meet a Sales Manager at Ultra CIS.

139. Soon after the trip, SE1 corresponded with their Ultra CIS colleagues and JV Partner X to arrange for the consortium's bid documents to be finalised in Algeria.

#### Algerie Advice Limited

140. On 10 October 2016, Khalef emailed SE1 (with Ultra CIS and JV Partner X's representatives copied in), introducing Roberts of Algerie Advice as a close friend of Benhamadi. He said that Roberts would assist "*with the organisation and structuring of our financial and technical parts that represent our bid that we will submit in November...*". In November 2016, Roberts shared with Khalef details of the newly incorporated UK company Algerie Advice Limited, that was to be used to obtain a UK bank account.
141. On 3 November 2016, Khalef sent a message to SE1 "*...we have agreed to meet Ahmed Berbar (iPhone guy) who as you know is the ministry pki project CEO. Berbar is super extremely close to Ted and they agreed to meet at a secret moment at the hotel in order to discuss Ahmed Berbar's cut and commission. (I will pay him myself)...*".

#### Bid approval form and teaming agreement

142. On 26 October 2016, SE1 submitted an incomplete draft of the bid approval form for the PKI Project to the JV board.
143. According to an unsigned "*Project Joint Venture Teaming Agreement*" dated November 2016, the bid for the PKI Project was to be submitted by a consortium comprising JV, a non-Algerian company ("**Teamer 2**"), and Condor. JV was to act as the lead member providing key technologies, Teamer 2 was to act as the system integrator and Condor was to act as the local partner.

#### Proposed reduction of Khalef's commission

144. On 11 November 2016, SE1 and Khalef exchanged messages regarding Khalef's commission. SE1 considered that the USD 4 million commission was excessive and might prevent the consortium from submitting a competitive bid. Khalef told SE1 in response: "*There is no freaking budget and no freaking winning price. He winning is me and my people and my influence that brought you the partner...*" SE1 replied that they would try to obtain agreement for the USD 4 million commission. Khalef continued "*Ahmed Berbar him self that ducking donkey is getting 100 000 from Ted*"; "*4m are all gone to my boss. Am getting 400 000 not a penny more...*"; and "*...There is NO budget*

*limit and you are guaranteed to win. Berbar obeys the minister. He minister obeys the prime minister. The prime minister obeys my boss”.*

145. On 24 November 2016, the proposed bidding document was being finalised. SE1 emailed Khalef, indicating that Condor had significantly reduced their fees and that “...*your initial statements and sayings of no budget or ceiling prices have put me in big trouble*”. Khalef insisted once again that there was “*no ceiling for the budget*” and that “*regarding my consultancy none can touch it because 80% is going to my superior authority. If anyone touches that then you’ll be in the real trouble because they are the once who decide who wins this bid...*”.
146. On 28 November 2016, SE1 wrote to Khalef explaining that UEL and JV Partner X were reluctant to agree his large consultancy fee and that his company had not passed due diligence checks required by the “*legal department*”. SE1 proposed a reduction of his fee to USD 400,000 which Khalef did not accept.

#### Bidding Rounds

147. In the first round of bidding on the PKI Project in November 2016, the consortium’s bid was the highest at USD 39,085,203.
148. On 3 December 2016, SE1 emailed the Ultra CIS Sales Manager, “*The bid opened last Thursday, please see the bid analysis contained in the email below and attached spreadsheet. We have submitted the best quality tender with the highest price... Our local partner and consultant believe we need to write comparative competitive advantages summaries and also reduce prices from [Teamer 2] and [initials redacted that are assumed to reference JV Partner X] and Condor...*”
149. On 15 January 2017, MPICT confirmed in an email to SE1 that the tender for the PKI Project, and therefore the consortium’s bid, had been unsuccessful and encouraged the submission of a new bid for the tender soon due to be relaunched. Roberts wrote to SE1 that same day further to “*a long chat with my friend*” at MPICT, who had suggested Roberts could pay him a “*a quick visit to Algiers to discuss this problem directly*” ahead of the imminent re-launch of the tender.
150. On 11 May 2017 the consortium’s bid for the PKI Project was USD 21.4 million, of which CIS’s portion of the bid was USD 1,663,593 (at that time, GBP 1,290,807). Had the bid been successful, Ultra expected to make a gross profit of USD 1,290,246 (GBP 1,001,122). The consortium’s bid was again unsuccessful.

151. MPICT relaunched the tender for the PKI Project in the summer of 2017. Whilst SE1 continued to follow the progress of the PKI Tender until early 2018, the consortium never ultimately secured the PKI Project.

## **UEH'S COMPLIANCE POLICIES AND PROCEDURES**

152. Since the time of the misconduct referred to in this Statement of Facts, UEH has engaged in a substantial compliance remediation project and – in particular, since its acquisition by Advent in 2022 – has extensively enhanced its ABC policies and procedures.

153. However, during the periods set out in Counts 1 - 3, UEH accepts that it did not have in place adequate ABC policies and procedures designed to prevent their associated persons from engaging in the conduct set out in this Statement of Facts. In particular:

(A) UEH did not have a formal process for conducting bribery and corruption risk assessments relating to their business, the jurisdictions in which they operated and which addressed the specific risks relating to the use of agents, intermediaries, joint ventures, teaming agreements and consortiums. As such, UEH did not have adequate procedures in place to identify and mitigate bribery and corruption risks.

(B) UEH submitted bids for certain projects through joint ventures, teaming agreements or consortiums, including the MC6 Project and the Algerian Projects. The companies with which they entered into such arrangements were, in some cases, based in jurisdictions which, based on the Transparency International Risk Perception Index ("**TI Index**"), presented a significant risk in relation to bribery and corruption.

(C) UEH had in place two policies relating to joint ventures, which were not adequate: Guidelines for the Establishment of Joint Ventures and Terms of Reference for Joint Ventures. When first issued in February 2012, the Guidelines for the Establishment of Joint Ventures prescribed that only joint ventures where an Ultra Group company is the majority shareholder would be subject to the Bribery Act 2010. This policy was re-issued in March 2012 and was amended to remove this requirement. The two policies lacked detail and were inadequate to ensure the establishment of proper oversight by UEH of the Ultra Group's joint ventures.

- (D) UEH had a Bid Preparation and Review Procedures policy which provided that *“the approval of contract bids represents a key part of the Group’s internal control system”*. It was a stated requirement that a bid approval form needed to be authorised for all bids. Ultra Group employees appear to have been inconsistent in meeting this requirement. No final bid approval form has been identified in respect of the MC6 Project. Furthermore, no bid documentation was submitted for the PKI Project other than an incomplete draft sent to the JVJV board on 26 October 2016. In respect of the Airport Project, UEL prepared a retrospective bid approval form in late November / December 2017, several months after the actual bid was submitted by the JV Partner to CSCEC, in which it stated that no agent was to be appointed in relation to the bid in circumstances where Ultra had already completed limited due diligence in relation to the role of Khalef and others involved in the Airport Project.
- (E) The Bid Management Policy incorporated UEH’s Selection and Management of Agents Policy. UEH did not introduce a Selection and Management of Agents Policy until 30 January 2012. The policy was generic and inadequate including after it was re-issued on 26 March 2013. The policy required all business units within the Ultra Group to maintain an up-to-date list of agents. Despite this, there was inadequate record-keeping and monitoring of the list of agents required under this policy.
- (F) Errors in UEH’s policies appear to have led to certain countries being inaccurately classified as “low” risk in relation to bribery and corruption with reference to the TI Index. The Selection and Management of Agents policy provided that each agent agreement should be classified as a “high” or a “low” risk dependent on the assessment as to the risk relating to the jurisdiction in which the agent operated. The TI Index was used to assess jurisdictional risk. The determination as to whether an agent operated in a “high” or “low” risk jurisdiction set the level of due diligence required for the agent, with agents working within identified “high” risk jurisdictions being subject to more extensive levels of due diligence. The policy defined “high” risk countries as those with a rating of 4 or less out of 10 on the TI Index. In 2011 Algeria had a score of 2.9, resulting in a “high” risk rating under the policy. In 2012, the TI Index changed its methods for scoring countries to one where countries were scored out of 100. UEH failed to update the policy to reflect this change to the TI Index. Consequently, a number of “high” risk countries, including Algeria, were

incorrectly assessed as “low” risk.<sup>3</sup> This meant that the agents involved in the Algerian Projects were not required under the policy to be subject to the more extensive levels of due diligence.

- (G) The Selection and Management of Agents policy was inadequate and appears to have been easily circumvented or ignored by its employees, including those in senior positions, for example, as detailed in paragraph 73 in respect of payments being made to an individual’s personal bank account in Oman.
- (H) Whilst UEH provided some ABC training to Ultra Group staff, there are limited and incomplete records of employees attending such training. It appears that this did not change following the introduction of the Bribery Act 2010.
- (I) There was limited oversight of Ultra Group employees acting in certain Ultra Group joint ventures.

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<sup>3</sup> In 2012, the TI Index score for Algeria was 34/100 and for Oman 47/100.