

THIRD OF LAWYERS IN IBERIA THINK PROFESSION HAS CORRUPTION PROBLEM

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Perception of corruption among lawyers greatest in Portugal, where majority say it is a problem, but also a belief that it is a 'cultural issue' in Spain

One in three lawyers in Iberia thinks corruption is an issue in the legal profession, with one in four saying they know of lawyers who have been involved in “international corruption offences”, according to new research.

A survey of more than 160 partners and business development professionals at law firms in Spain and Portugal – conducted by Iberian Lawyer – showed that 36 per cent thought corruption was an issue in their jurisdiction, while 28 per cent said they knew of lawyers who had been involved in international corruption.

One in three (32 per cent) of those participating in the survey also said that they believed they had lost business to other law firms or individual lawyers who were “prepared to make illicit payments to

government officials on behalf of, or for the benefit of, foreign companies or investors". The vast majority of respondents (73 per cent) said more should be done to tackle corruption in the legal profession in their jurisdiction, with 71 per cent saying their bar association or law society guidelines did not "address specifically the issue of international corruption".

However, it appears that very few clients demand that their legal advisers demonstrate anti-corruption compliance. A majority of firms (52 per cent) said 10 per cent or fewer of their clients asked them to certify anti-corruption compliance.

The issue of corruption appears to be a bigger problem in Portugal than in Spain. A total of 58 per cent of respondents in Portugal said corruption was an issue in their jurisdiction, compared to only 29 per cent of respondents in Spain. Meanwhile, 33 per cent of respondents in Portugal said they knew of lawyers in their jurisdiction who had been involved in international corruption, which compared to 26 per cent of Spain-based respondents.

Investors deterred

Corruption in the legal profession in Portugal hit the headlines in November last year when it was reported that police in Portugal searched a lawyer's office in relation to suspected fraud in connection with the collapse of the country's second largest bank, Banco Espírito Santo. Indeed some partners fear that corruption allegations in Portugal could dissuade companies from investing in the country – one Lisbon-based partner told Iberian Lawyer: "When businesses hear of corporate corruption, they will think twice about making investments, as well as the long-term outlook for the economy – the current situation is causing problems and that is placing Portugal's image around the world at great risk."

Ten per cent of respondents in Portugal said they had been approached to act as an "agent or middleman in a transaction that could reasonably be suspected to involve international corruption" – this compared to eight per cent of respondents in Spain. Meanwhile, 29 per cent of Portuguese respondents said more than 20 per cent of legal professionals in their jurisdiction would be willing to participate in, or facilitate, international transactions that "they recognise as corrupt" – only eight per cent of Spanish respondents agreed with this assertion.

One Spanish respondent remarked that, while there are "very clear anti-corruption and anti-money laundering regulations in force", not all lawyers, or all law firms, comply with them. The respondent added: "Supervision mechanisms are still weak – in general, the degree of compliance with these regulations by major law firms is higher than by smaller law firms or individual lawyers." Another participant in Spain said corruption was a "cultural issue" that would need to be solved through more education and enforcement.

Meanwhile, one Portuguese respondent said: "There should be more awareness of the issue of corruption in Portugal as well as jurisdictions where Portuguese lawyers are most active."

It appears that the number of lawyers in Spain that think corruption is an issue in their profession is on the increase. The Iberian Lawyer survey showed that 29 per cent of lawyers in Spain thought corruption was an issue within the profession in their jurisdiction – this compared to around 26 per cent of lawyers who indicated this in a 2010 survey conducted by the International Bar Association (IBA). Meanwhile, the opposite seems to be true in Portugal where the perception of the problem of corruption seems to be declining – 58 per cent of lawyers in Portugal now think corruption is an issue in their jurisdiction, which compared to around 66 per cent of lawyers in the IBA survey.