

## ACRC Korea Transparency Newsletter (March 2021)

### ACRC Implements Ten Anti-Corruption Initiatives to Tighten Discipline in Public Service

- *To review the operation of conflict of interest prevention system in public institutions at all levels to avoid another LH scandal -*

April 1, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea



The Anti-Corruption and Civil Rights Commission (Chairperson Jeon Hyun-Heui, ACRC) plans to initiate, in April, a comprehensive review of the implementation of anti-corruption initiatives in the public sector, including the operation of the prevention system of conflict of interest under the Code of Conduct in the public agencies at all levels in order to tighten the discipline in the public service that has come under the spotlight after the LH (Korea Land and Housing Corporation) scandal.

In a briefing session held over the Implementation Plan of Ten Anti-Corruption and Integrity Innovation Initiatives in Public Institutions in the afternoon of the 1st at Seoul Government Complex, Chairperson Jeon laid out detailed anti-corruption measures to fundamentally prevent moral complacency in public institutions, such as the LH, which was talked over during the 7th Anti-Corruption Policy Consultative Council on the 29th of the last month.

First, the ACRC will examine the implementation of different anti-corruption policies, such as the Code of Conduct for Public Officials and the Improper Solicitation and Graft Act. It will carry out an overall review to identify whether the prevention of conflict of interest system prescribed in the Code of Conduct of each institution is running well, even a conflict of interest law has not yet been enacted but is still under discussion in the National Assembly.

The Commission also plans to conduct special investigations of the current employment system in public institutions under the Ministry of Land, Infrastructure and Transport by having the employment irregularity task force to make ad-hoc inspections on the public enterprises that recently hired LH retirees. At the same time, it is going to carry out on-site investigations by institution to root out inappropriate work practices where those who violated the Improper Solicitation and Graft Act only faced internal disciplinary actions rather than criminal penalties or fines. As for the recovery of public funds, the ACRC will form a joint team that will regularly and intensively review corruption-prone areas in central and local administrative agencies as well as educational institutions to ban false claims and retrieve illicit profits.

In addition, the Commission will run an intensive reporting period on real estate speculation cases committed by public officials by June 30, and plans to set up a coordination scheme with the Government Joint Special Investigation Headquarters to protect whistleblowers.

The ACRC will advise institutional improvement to public institutions that are at high risk of taking advantage of internal information or involving personal interests, so that their institutions can reflect conflict of interest rules. It is also going to make prior notice mandatory in case a public official plans to have a private meeting with another retired public official, and to restrict retirees from personally using the internal information of the institution to which the retiree used to belong once the individual leaves office. Furthermore, the Commission plans to update the Integrity Assessment model by adding indicators to measure non-monetary corruption, seeking personal gains in a conflict of interest, among others.

The ACRC has decided to draw up and distribute an ethics and compliance management guideline to manage corruption risks and strengthen the internal control of public enterprises, and to work on the introduction of a certification system for public enterprises that develop and run an ethics and compliance program. It will make in-person integrity education mandatory for high-ranking public officials, such as the heads, auditors, and senior management members of public institutions, while overseeing special education for agencies where serious fraud took place.

Particularly, the Commission is planning to proactively engage in cooperation and support to encourage the observance of the Code of Conduct for Public Officials, including the obligation to prevent a conflict of interest, protect whistleblowers, and expand integrity education by signing MOUs with regional governments across the nation, starting from Gyeonggi Provincial Government in April.

The ACRC Chairperson Jeon Hyun-Heui said "we will look for every policy instrument at our disposal to resolve the LH land speculation scandal and eliminate corrupt practices, and make sure to completely address corruption in real estate without fail as we promised to the people."

**Attachment****Implementation of 10 Anti-Corruption and Integrity Innovation Initiatives for Public Officials****① Supporting the Enactment of a Conflict of Interest Law and Reviewing the Implementation of the Codes of Conduct**

- To enact and operate a law that stipulates detailed behavioral standards designed for public officials to prevent a conflict of interest from occurring and ban from seeking wrongful personal gains
- To carry out document and on-site review in parallel of the introduction and operation of a conflict of interest prevention system in the Codes of Conduct in public agencies at all levels

**② Special Investigation on Re-Employment and Recruitment in Public Institutions under MOLIT**

- To promptly deploy the employment irregularity task force to the public enterprise (Saemangeum Development Corporation) that hired the LH retiree who was covered by the media to conduct research on the current situation (March 23)
- To carry out a special investigation on the reality of employment in the public institutions under the Ministry of Land, Infrastructure and Transport (MOLIT) that hired LH retirees or employed candidates through limited competition last year (23 in total) (March 29 ~ April 9)

**③ Special Investigation of Violations against the Improper Solicitation and Graft Act and Inappropriate Practices**

- To advise corrective measures for inappropriate handling cases and reinforce the operation of the system in public institutions through on-site investigation
  
- To push forward with the revision of the Improper Solicitation and Graft Act by introducing a proxy reporting system where whistleblowers' identity is kept confidential, imposing enforcement levies on those who fail to put protective measures for whistleblowers in practice, and laying the foundation of the compensation payment, among others

#### **4 Regular Review of the State of Public Fiscal Waste**

- To conduct document and on-site review side by side by examining the results of budgets and recovery of funds of central, local and educational finance in 2020, etc.

#### **5 Running an Intensive Reporting Period on Real Estate Speculation Committed by Public Officials**

- To run an intensive reporting period on acts of seeking personal interests by public officials through the use of information obtained while performing duties, including real estate speculation (March 4 ~ June 30)

#### **6 Modification of the Entire Conflict of Interest Systems in Public Institutions**

- To develop and advise improvement plans to reflect conflict of interest rules when reviewing company regulations of the public institutions that are at high risk of taking advantage of internal information in fulfilling

personal benefits or involving personal interests (e.g. LH, Korea Electric Power Corporation, Korea Express Corporation, local government-invested public corporations, etc.)

- To make prior notice mandatory in case a public official having a private meeting with another retired public official, and to restrict retirees from personally using and leaking internal information of the institution to which the retiree used to belong once the individual leaves office

#### **7 Creating and Strengthening Indicators Related to Conflict of Interest for the IA and AIA**

- (Updating the Integrity Assessment model) To develop new indicators to measure non-monetary corruption, seeking personal gains in a conflict of interest, among others
- (Enhancing the Anti-Corruption Initiative Assessment) To create an indicator to evaluate efforts in making systems of preventing conflict of interest take root as well as responses against corruption issues by institution, and make the indicator that measures levels of anti-corruption efforts by the heads and senior members of the agencies more comprehensive

#### **8 Promoting the Adoption of Ethics and Compliance Management Programs in Public Enterprises**

- To introduce a certification system where the ACRC issues a certificate after evaluation when an enterprise that runs an ethics and compliance management program requests for certification

**9 Reinforcing Integrity Education for High-Ranking Public Officials and Securing the Power of Execution of the Program**

- To make in-person integrity education for high-ranking officials at senior management level or above in public institutions, and increase the power of execution of the program by reporting the results of the completion of education by high-ranking public officials, such as the heads, auditors, and senior management members of the agencies to cabinet meetings

**10 Cooperating with and Supporting Local Governments in Anti-Corruption Efforts and Innovation**

- To coordinate and cooperate to encourage the observance of the Code of Conduct for Public Officials in local governments, including the obligation to prevent a conflict of interest, protect whistleblowers, and promote corruption and public interest reporting; and to cooperate in strengthening integrity education in local governments to increase the anti-corruption awareness among public officials
- ※ Efforts underway in signing MOUs with 17 regional governments, including Gyeonggi, Jeju and North Gyeongsang Provincial Governments (since April 2)



## **ACRC Chairperson Jeon Hyun-Heui, "the Prevention of Conflict of Interest Law Should Promptly Be Enacted as It Will Fundamentally Prevent 200 Million Public Officials from Seeking Personal Gains"**

- *"ACRC should conduct full-scale research on real estate speculation of National Assembly members as the overseer of anti-corruption policies and supervisor of conflict of interest related rules" -*

March 22, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea

The ACRC Chairperson Jeon Hyun-Heui remarked "the Prevention of Conflict of Interest bill governs some two million public officials, such as members of the National Assembly as well as municipal and provincial councils and employees in public enterprises, and contains tough penalties that can fundamentally prevent the acts of seeking personal interests by public officials through the use of confidential information obtained while performing duties."

During the MBC radio show "Pyo Chang-won's News High Kick," on the 19th, Chairperson Jeon said "as the ACRC oversees the Codes of Conduct regarding conflict of interest in the public service, it is planning to conduct nationwide research to identify the reality around violations of the Codes of Conduct, such as the LH (Korea Land and Housing Corporation) scandal, even before a conflict of interest prevention law is enacted."

Chairperson Jeon began with apologies, saying "we are extremely sorry to our people for the LH scandal that took place despite the efforts the Commission has devoted to faithfully fulfil its roles and functions as the supervisor of the national anti-corruption initiatives."

She then expressed her regrets, stating "if a prevention of conflict of interest law had been legislated, the LH scandal would have been practically avoidable as the law would have made it mandatory for employees to report their real estate transactions in advance and been barred from the duties related to such transactions."

She also added "the bill includes the toughest penalties among related laws available now as it sentences up to 7 years in prison and 70 million won in fine when one is caught while keeping such transactions secret and seeking personal gains by taking advantage of confidential information acquired during one's performance of duties, and confiscates or additionally collects to seize the whole of profits in property."

Chairperson Jeon mentioned about the subject of the prevention of conflict of interest bill, saying "it is applicable to some 20 million public officials, encompassing not only government employees across the nation, but members of the National Assembly as well as municipal and provincial councils, and employees in public enterprises. It especially applies stricter rules to high-ranking public officials."

She also remarked "there would be no issues for public officials in carrying out their duties after making prior reports and avoiding any duties in question as the bill dictates. It will rather get easier for them to fulfill their duties because the bill will serve as the excuse for not responding to improper solicitation as the Improper Solicitation and Graft Act does."

When asked about who should conduct investigation of all the members of the National Assembly, on which both the ruling and opposition parties agreed, Chairperson Jeon answered "the ACRC seems to be the right agency to do so as it oversees the nation's anti-corruption policies and supervises the Codes of Conduct regarding conflict of interest in the public service."

She then elaborated on the reason by saying "the Commission has many investigators who once worked or are still working as prosecutors, police officers and lawyers and have extensive experience in corruption related research. The ACRC also has an experience of conducting investigation of all the public officials, including the National Assembly members, on the support for overseas business trips in 2018."

Lastly, Chairperson Jeon Hyun-Heui stated "we are planning to carry out nationwide research to identify the reality around violations of the Code of Conduct for Public Officials, such as the LH scandal and the violation of conflict of interest by the Mayor of Yongsan District, even before a prevention of conflict of interest law is legislated."

## **ACRC Conducts Special Investigation on Employment in 25 Public Enterprises under MOLIT**

*- To push forward with tackling vulnerabilities in the employment restriction system on public officials dismissed for corruption charges -*

March 22, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea

The Anti-Corruption and Civil Rights Commission (Chairperson Jeon Hyun-Heui, ACRC) will conduct special investigation of the current employment system in 25 public institutions under the Ministry of Land, Infrastructure and Transport (MOLIT), and tackle vulnerabilities in the employment restriction system on public officials dismissed for corruption charges.

According to the recent media coverage, a Korea Land and Housing Corporation (LH) employee reportedly had bought 15 LH housings under his own and family members' name, and left the company after receiving a disciplinary action. However, he later was employed by a public institution under the MOLIT, and is now working for the institution.

In response, the ACRC embarked on a comprehensive special investigation to identify similar cases and appropriateness of employment in 25 public institutions under the MOLIT since the 25th of this month.

The Commission is going to identify those who have experience of working for the LH among employees in public institutions under the MOLIT, and

deploy a special inspection team organized out of ACRC's employment irregularity task force for public institutions.

Furthermore, the Commission will request supervisory agencies for further investigation and disciplinary measures in case the special investigation discovers any issues, and is planning to broaden the scope of inspection to include all public institutions, if necessary.

In addition, the ACRC that runs the employment restriction system on public officials dismissed for corruption charges is going to push forward with institutional improvement as it sees the system has vulnerabilities demonstrated in the recent scandal.

According to the Article 82 of ACRC Act, any current or former public official who mandatorily retires or is dismissed or discharged from office for committing an act of corruption in connection with his/her duties while in office; and who is sentenced by a court to a fine of three million won or severer punishment for the act of corruption is barred from being employed by a public institution, an institution involved in the act of corruption and a private enterprise, etc., which has close relations with the business affairs of the institution to which he/she belonged for not less than five years before he/she retires.

The Commission is planning to include retirees who received a disciplinary action for committing an act of corruption besides public officials dismissed for corruption charges in the subject of the employment restriction system; and work on the revision of the Act to restrict such retirees from being

hired by public institutions.

Han Sam-seok, Chief of the ACRC's Anti-Corruption Bureau said "when a public official is employed by another public institution, even after receiving a disciplinary action for an act of corruption, as what happened in the LH scandal, the people might lose their confidence in the public service. Therefore, we will proactively push forward with improving on relevant institutions."

# **ACRC Embarks on Full-Scale Review on Real Estate Transactions of 174 Lawmakers from Democratic Party of Korea**

*- To set up an investigation team led by Vice-Chairperson and Secretary General Lee Geonlee -*

April 1, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea

The Anti-Corruption and Civil Rights Commission (Chairperson Jeon Hyun-Heui, ACRC) plans to carry out thorough investigation of violations against the real estate trading law committed by 174 lawmakers from Democratic Party of Korea, their spouses and blood relatives after receiving a request from the Party for a full-scale inspection on real estate transactions on March 30.

The Commission announced that it held a special plenary session in the morning of the 1st to discuss the ways to organize and run an investigation team for the comprehensive review of real estate trading, and ultimately set up a special investigation team led by ACRC Vice-Chairperson and Secretary General Lee Geonlee who was a Chief Prosecutor.

The subject of the investigation is 174 lawmakers from Democratic Party of Korea, their spouses and blood relatives who submitted an information disclosure agreement. The inspection will not only cover areas in the 3rd Phase New Town Development Plan, which was the scope of the last full-scale investigation on employees in the Ministry of Land, Infrastructure

and Transport (MOLIT) and Korea Land and Housing Corporation done by the government joint investigation group, but also cases on which the media raised suspicions as well as reports filed with the ACRC for an act of speculation committed by public officials.

The investigation team will look into the transaction history that does not pass the 7-year statute of limitations in accordance with the Article 7-2 and 86 of the Act on the Prevention of Corruption and the Establishment and Management of Anti-Corruption and Civil Rights Commission.

Although document reviews will be the main means of investigation, on-site investigation will be run side by side for cases that are suspected of speculation.

The Commission also revealed that it plans to acquire an agreement on collection and usage of personal information from 174 lawmakers and their families, and review their actual real estate transactions and ownership through the Real Estate Transaction Management System (Korea Real Estate Board) and Korea Land Information System (MOLIT) in collaboration with relevant agencies.

The team will run the inspection for 30 days since April 2 (and may be extended if necessary), promptly request the Government Joint Special Investigation Headquarters for further inspection on cases that it suspects any speculation involved as a result of its own research, and release the investigation results when it is completed.



The ACRC Vice-Chairperson Lee Geonlee remarked "we will make sure to carry out the full-scale investigation without a hitch by closely collaborating with the National Assembly and the agencies that provide real estate information, and to conduct the comprehensive inspection on the members of the National Assembly in a fair manner, considering much interest of our people in the elimination of corruption in the public sector.

## **ACRC Overhauls Assessment Programs of Integrity in Public Institutions**

- *To enhance effectiveness of the evaluations to prevent corruption committed by public officials, such as the LH scandal, from occurring -*
- *To listen to and reflect the opinions of people from all walks of life, including the general public, experts and public institutions -*

April 1, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea

The Anti-Corruption and Civil Rights Commission (Chairperson Jeon Hyun-Heui, ACRC) is pushing forward with the overhaul of the assessment programs of integrity in the public sector, which celebrate their 20th anniversary this year.

The purpose of revamping the evaluation programs is to provide a turning point for strengthening anti-corruption efforts in the public service as the level of integrity in the public sector does not meet the expectations of the people as shown in the recent LH (Korea Land and Housing Corporation) scandal.

The ACRC has been operating the Integrity Assessment for public institutions where citizens who experience services in public agencies evaluate the agency's integrity level and the Anti-Corruption Initiative Assessment in which experts in and outside the Commission evaluates public institutions' anti-corruption efforts and performance since 2020. In March, it set up and

released master plans for implementing the Assessments for 2021.

The ACRC organized a dedicated group to reform the assessment programs of integrity in the public sector in early March to lead the efforts against corruption, including prevention of conflict of interest and seeking of personal gains in public institutions, in order to avoid another corruption case in the public sector that can arouse indignation among citizens, such as the LH scandal.

In addition, the Commission listened to opinions of all public institutions, including not only the institutions that have been subject to the evaluations, but 880 agencies that have not so far been assessed, about ways to significantly increase the overall effectiveness of the Assessments, for example, by enhancing objective indicators and promoting the utilization of the evaluation results.

The ACRC is also planning to ask the general public for opinions, since the 1st of this month, through People's Idea Box that is run by the ACRC, and consult with experts both in the private and public sector, such as relevant academic associations and the Private-Public Consultative Council for Transparent Society, before developing a proposal on the reform of assessment programs of integrity in public institutions by June.

Han Sam-seok, Chief of the ACRC's Anti-Corruption Bureau commented "the ACRC intends to prepare for the next 20 years of the assessment programs of integrity in public institutions, which have been supported by the people and public officials in the last two decades."

He then added "we ask for continued interest and engagement of our citizens and public officials in reforming the programs as it marks a meaningful step toward the establishment of systematic processes of predicting, preventing and responding acts of corruption in public institutions."

## ACRC Held Foreign Business Ombudsman Meeting

*- On March 26, ACRC Chairperson Jeon Hyun-Heui Met with Executives of Foreign Chambers of Commerce in Korea, including AMCHAM Board of Director Chair Jeffrey Jones, to hold Foreign Business Ombudsman Meeting -*

March 26, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea

The Anti-Corruption and Civil Rights Commission met with CEOs of foreign companies operating in Korea and talk about business-related issues including ‘the ACRC Foreign Enterprises Ombudsman’ launched to secure foreign businesses in Korea a fair business environment where there is no infringement on their rights and interests.

※ ‘The ACRC Foreign Enterprises Ombudsman’ was launched on the 10th of March to receive from foreign companies in Korea reports of various corruption and public interest violation, complaints, administrative appeal application, and Improper Solicitation and Graft Act inquiries. The received cases will be assigned to a dedicated consultant, who will provide a comprehensive support including translation and interpretation as well as follow-up management.

On the morning of March 26, at the Westin Josun Seoul in Jung-gu, Seoul, the Anti-Corruption and Civil Rights Commission (ACRC, Chairperson Jeon Hyun-Heui) held a policy roundtable with executives of Foreign Chambers of Commerce in Korea to introduce the Korean government’s major anti-corruption policies and listen to difficulties global companies experienced in Korea.

The meeting was attended by around ten executives of foreign Chambers of

Commerce in Korea, including Mr. Jeffrey D. Jones, Chairman of the Board of Governors of American Chamber of Commerce in Korea, Mr. Sean Blakeley, President of British Chamber of Commerce in Korea, Mr. Christoph Heider, President of European Chamber of Commerce in Korea, Mr. Rocky Yoo, Chair of Canadian Chamber of Commerce in Korea.

At the meeting, the executives of Foreign Chambers of Commerce in Korea were informed by the ACRC that foreign companies doing business in Korea could contact the newly launched Foreign Enterprises Ombudsman to; report a case of corruption-public interest violation; file complaints; apply for administrative appeals; and request for legislative interpretation in the Improper Solicitation and Graft Act and receive consultation thereon.

The executives of foreign chambers of commerce in Korea said, “The Foreign Enterprises Ombudsman will be a great help to foreign companies doing business in Korea.” They told officials from the ACRC that they will promote the new ombudsman service to their partner companies.

The ACRC also shared with the foreign business leaders its anti-corruption and civil rights protection efforts, which include: implementation status on the Act on the Prevention of Conflict of Interest for Public Officials which is to prevent public officials from seeking private interest; development of ethical management program; and improvement on unreasonable laws and regulations.

ACRC Chairperson Jeon Hyun-Heui said, “Without securing foreign companies

in Korea a good business environment where there is no corruption and infringement on interests, it will be difficult for Korea to be among the top 20s in the Corruption Perception Index (CPI). The ACRC will make its utmost to make a good business environment for foreign companies, where there is no corruption and illegal and unfair administration.”

## Clean Portal - Corruption and Public Interest Reporting Revamped to Allow Anyone to Submit Reports Easily

- Cases related to the LH land speculation, etc. can be reported -

March 8, 2021

Anti-Corruption and Civil Rights Commission

The Republic of Korea



Anyone now is able to submit a corruption and public interest report in a convenient manner by taking advantage of the reporting assistance service on Clean Portal - Corruption and Public Interest Reporting that is run by the ACRC. Particularly, citizens can report on any suspicions related to the recent scandal of real estate speculation involving Korea Land and Housing Corporation (LH) via the website.

The Anti-Corruption and Civil Rights Commission (Chairperson Jeon Hyun-Heui, ACRC) held a ceremony for the launch of Clean Portal - Corruption and Public Interest Reporting website that receives corruption and public interest



reports and provides a wide range of anti-corruption data in public institutions in Government Complex Sejong on the 8th.

The ceremony provided an opportunity to introduce some of the key features of Clean Portal - Corruption and Public Interest Reporting to citizens, and congratulate those who contributed to the building of the system.

The ACRC has developed Clean Portal - Corruption and Public Interest Reporting over the last four years in an effort to support corruption and public interest reporting and data-based anti-corruption policy.

One of the major changes is the significant increase in the convenience in corruption and public interest reporting. Previously, those who wanted to submit a corruption or public interest report for the first time found it extremely difficult to fill the report form.

However, the new version of the system allows users to make a corruption or public interest report much easier only by selecting an example on the list provided with the help of the reporting assistance service that utilizes the accumulated report data. In addition, users can check on the details of the report handling process from reporting and counseling to applying for protection and compensation.

Furthermore, the new system automatically identifies the category of a report and provides the user with information regarding relevant types of violations and statutory provisions even though the user does not have a

knowledge of all 467 provisions that define acts of public interest violations in the Act on the Protection of Public Interest Whistleblowers. You can access Clean Portal - Corruption and Public Interest Reporting on your mobile devices, such as mobile phones and tablet computers.

Anti-corruption information in public institutions at all levels has so far either not been disclosed to the public or scattered throughout the website of each agency, making it hard for people to access the data. Furthermore, there was no basis of analysis to be used in policies.

The ACRC, therefore, developed a system that provides a wide range of anti-corruption information related to reporting, counseling, policy, media reports, among others; and analyzes such data. Citizens can utilize the system to access a variety of anti-corruption data, and learn the current state of corruption issues, progress on reports by type, reporting record by region, major anti-corruption trends, etc.

Meanwhile, public institutions can take advantage of the system to share key anti-corruption issues, and implement data-backed anti-corruption initiatives by referring to the available information, including reports filed against the institution, reports related to specific corruption issues, and anti-corruption issues covered in the media.

The ACRC Chairperson Jeon Hyun-Heui stated "we opened a new Clean Portal - Corruption and Public Interest Reporting to provide the people with a convenient and safe environment for corruption and public interest

reporting. The ACRC will contribute to making Korea a leading country as to integrity by achieving the Corruption Perception Index rank higher than the 30th place in 2022 through our support toward data-backed scientific and systematic establishment and implementation of anti-corruption initiatives.