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McKinsey Africa's \$122M Settlement Highlights Local Content Law Risk

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[Peter E. Jeydel](#)

Peter Jeydel, leader of Troutman Pepper Locke's Sanctions + Trade Controls Practice Group, was quoted in the February 12, 2025 *Anti-Corruption Report* article, "[McKinsey Africa's \\$122M Settlement Highlights Local Content Law Risk](#)."

In situations where illegal activity could not have been prevented, particularly regarding the misconduct of a rogue employee, the DOJ wants to see that the company had in place a robust anti-corruption compliance program, including policies and procedures, monitoring and internal auditing controls, reporting channels and training. If the company can demonstrate that there was a "rogue" employee who was operating outside the bounds of company policy, that should put the company in a stronger position to reduce the risk of an enforcement action, Troutman Pepper partner Peter Jeydel told the Anti-Corruption Report.

If, on the other hand, a company's policy was unclear, its processes were blurry or leaky, or its training inadequate, the company "may have trouble showing where the lines were and whether the individual crossed them," Jeydel added. "In that case, the company could be at much greater risk."

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"The McKinsey case involved work with third parties, in a high-risk jurisdiction, involving state-owned customers. That risk trifecta, when present, should often trigger alarm bells within a well-designed compliance program to ensure that correspondingly stringent controls are in place," Jeydel concluded. "Compliance is always hard, and never perfect, but in the highest risk areas the process needs to match the risk level."

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Jeydel noted that the broader message for other companies facing an anti-corruption investigation that hope to avoid a monitorship is to be prepared to "devote significant resources and make difficult choices in the resolution process to build trust with prosecutors and demonstrate that a monitorship is not warranted."

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First established in November 2023, the ICAB is "largely a cooperation and information-sharing mechanism with foreign partners," Jeydel explained. The ICAB provides authorities with data-driven lead generation, "so it will start to give rise to more and more investigation risk in areas where the government previously may not have been

looking as closely,” he added.

While the DOJ has long worked with international partners on cross-border anti-corruption cases, the ICAB signals a “step-up in focus and, therefore, in risk for companies concerning international anti-bribery efforts,” Jeydel said.

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Another high-level message signaled by McKinsey’s settlement is how more countries are changing their stance toward anti-corruption enforcement. For example, South Africa historically has not been a very cooperative government regarding U.S.-led anti-corruption enforcement efforts, “but political change in South Africa, among other factors, ha[s] brought about a change in that government’s approach, which no doubt contributed to the pressure applied to McKinsey,” Jeydel said.

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