

LEHMAN, LEE & XU



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## PRESS RELEASE

### BUSINESS WITHOUT BRIBERY IN CHINA

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The Rio Tinto-Stern Hu affair has left many international companies wary of the Chinese legal system and doing business in China, but the longest-serving foreign lawyer in the country, Ed Lehman, suggests companies adopt a “micro-management approach” to reduce the risk of falling foul of Chinese authorities .

Mr Lehman, a co-founder of one of China’s oldest private firms, Lehman, Lee & Xu, was in Australia last week for the annual general meeting of the international Mackrell network of law firms, hosted by Lander & Rogers.

Hu, an Australian citizen and Rio Tinto executive, was sentenced to seven years’ jail by a Chinese court earlier this month on charges of bribery and theft of commercial secrets. Mr Lehman told The Australian Financial Review that foreigners often make the incorrect assumption that they have to pay bribes to get deals done in China. “That’s nonsense. I’ve never been involved in a single case of bribery,” he said. “Generally speaking, it’s not essential to getting a deal done. Whether it makes business sense is the issue.”

Lehman urges companies to get employees in China to sign separate contracts to protect company rights. These range from a basic employment contract to others covering anti-bribery, how company money is to be spent, and restraint of trade naming all the competitors that an employee cannot later work for over a specified period.

While in Australia many of these issues would all appear in the one employment contract, Mr Lehman argued that in China, it was wise to have separate agreements.

Sporting a well cut suit and North American accent, Lehman, a fluent Mandarin speaker, looks and sounds like a lawyer straight from a big-city Chicago firm, but in fact he has carved a unique 23-year career in Beijing and Shanghai.

His love affair with China began in the 1970s when he took Chinese language classes at his Catholic

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boys' school. He later became a solicitor with a United States firm and was posted to Shanghai in 1987. He went on to set up his firm, Lehman, Lee & Xu with two Chinese lawyers in 1992.

This firm, which now has six big offices across China and seven lawyers in Mongolia, was the eighth private law firm to be founded in China and the first to be managed by a foreign national, the firm said.

Lehman argues that the Western media is sometimes unfairly critical of the Chinese government and the legal system. "There are plenty of companies who come to China and don't protect their intellectual property and the only way they can complain is to go to the press," he said. On a "day-to-day basis, the government is largely benign and possibly that's not captured in the Western media", he added.

While Mr Lehman is sought out as a "China hand", his years of experience have not bred a sense of familiarity. "The longer I'm there, the further apart I see our culture and their culture," he says.

He has witnessed a revolution in the Chinese legal profession. "When I started it was more profitable and higher status to be a concierge or a cab driver than a lawyer," he says.

When Lehman moved to China in the 1980s, he added, most Chinese lawyers learned their trade on the job, with just four institutions churning out law degrees. There are now some 600 law schools in the country.

Source: The Australian Financial Review

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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