

Standard Bank

Case ID:

ST-514

Case Cluster :

Standard Bank

Jurisdiction of Settlement:

United Kingdom

Jurisdiction of Settlement / Enforcement Agency:

Serious Fraud Office

Jurisdiction of Foreign Public Official(s) :

Tanzania

Year of Settlement:

2015

Month/Day of Settlement (or Notes):

11/30

Other Jurisdictions of Settlement:

United States

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Criminal

Legal Form of Settlement:

Deferred Prosecution Agreement

Monetary Sanctions (Types):

Compensation (to Tanzania), Disgorgement of Profits, Financial Penalty, Legal Costs

Total Monetary Sanctions (US\$):

\$32,742,222.58

Criminal Fine/Penalty (US\$) :

\$16,800,000

Criminal Fine / Penalty (Explanation):

NA

Criminal Forfeiture / Confiscation (US\$):

\$8

400

000

Criminal Restitution / Reparation (US\$):

\$7

046

197

Monetary Sanctions Returned / Ordered Returned (US\$):

\$7,046,197

Monetary Sanctions Returned / Ordered Returned (Explanation):

Compensation to Tanzania (US\$6 million and \$1 million in interest)

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2

Offenses - Alleged:

Failure to Prevent Bribery

Offenses - Settled:

Failure to Prevent Bribery

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the UK Crown Court Judgment, "the Government of Tanzania wished to raise funds by way of a sovereign note private placement. Stanbic Bank Tanzania Ltd (?Stanbic?), which is a subsidiary of Standard Bank Group Ltd (a publicly owned company registered in South Africa), was not licensed to deal with non-local foreign investors in the debt capital market and so Stanbic involved Standard Bank, another subsidiary of the same group that was licensed, and together they sought to obtain instructions to raise the funds. Negotiations did not progress until Stanbic entered into an agreement with a Tanzanian company called Enterprise Growth Market Advisors Limited (?EGMA?). 7. Two of the three directors and shareholders of EGMA were the Commissioner of the Tanzania Revenue Authority (and, thus, a member of the Government of Tanzania) and the former Chief Executive Officer of Tanzanian Capital Markets and Securities Authority (?CMSA?). EGMA's fee was agreed at 1% of the funds raised and in order to meet the cost of that agreement, the fee for the placement was increased from 1.4% to 2.4%. In the event, although the potential for corrupt practices to affect this type of business were well known, Standard Bank, which did not have adequate measures in place to guard against such risks, relied on Stanbic to conduct appropriate due diligence in relation to EGMA; Standard Bank made no enquiry about EGMA or its role. 8. The mandate to raise the funds was placed with Standard Bank and Stanbic and US \$600 million was raised but there is no evidence that EGMA provided any services in relation to the transaction. Meanwhile, EGMA had opened a bank account with Stanbic and its fee of US \$6 million was paid (as agreed) via Stanbic into the account. Very shortly thereafter the vast majority of the sum had been withdrawn in cash. The withdrawals excited the concern of staff at Stanbic who referred the matter to the head office of Standard Bank Group Ltd; Standard Bank were alerted and very quickly thereafter, a law firm was appointed to investigate the matter and, within three weeks of the first report, both the Serious and Organised Crime Agency and the SFO were informed." The Judgment also makes note of Standard Bank's settlement with the US Securities and Exchange Commission. (Source: Judgment in Between : SERIOUS FRAUD OFFICE Applicant - and - STANDARD BANK PLC (Now known as ICBC Standard Bank plc), Case No: U20150854, Crown Court (Queen's Bench Division), November 30, 2015.)

Sources :

Judgment in Between SERIOUS FRAUD OFFICE Applicant - and - STANDARD BANK PLC (Now known as ICBC Standard Bank plc), Case No: U20150854, Crown Court (Queen's Bench Division), November 30, 2015, at https://www.judiciary.gov.uk/wp-content/uploads/2015/11/sfo-v-standard-bank_Final_1.pdf; UK Serious Fraud Office Press Release, "SFO agrees first UK DPA with Standard Bank," November 30, 2015, which includes links to the Deferred Prosecution Agreement, Statement of Facts and Judgments at <https://www.sfo.gov.uk/2015/11/30/sfo-agrees-first-uk-dpa-with-standard-bank/>