

# Compliance & Risk

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## Headlines

- SFO starts investigation into Rolls Royce p.17
- RBS fined \$100m for breach of US sanctions against Iran p.18
- Traders suspended at Deutsche Bank amid forex investigation p.19

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## Record year for insider dealing highlights compliance clampdown

New figures reveal that 2013 was a record year for regulatory bodies tasked with tackling insider dealing. World-wide, the number of arrests and investigations, and the level of fines, showed a significant increase over previous years.

The US Securities and Exchange Commission opened 100 more enforcement investigations in 2013, giving it a total of 908 for the year. It is expected to continue this trend by further actively pursuing insider trading breaches in the coming year. An SEC spokes-

man, John Nester, said "We have brought a record number of insider trading actions in the last four years and will continue to do so".

In the UK, the Financial Conduct Authority exercised its newly acquired powers by notching up 15 arrests in 2013 (compared with only 4 arrests for similar offences in 2012). And in France the regulator was similarly tough, imposing a total of €19m in fines for insider dealing in the year, doubling the previous year's figure.

The number of new investigations rose significantly

in other jurisdictions too. In Australia the number of prosecutions related to insider trading tripled, whilst the number of new investigations rose dramatically in Germany and also in Hong Kong.

Commentators remark that asset management companies are consequently eager to take on experienced compliance staff to try to protect their businesses in this heavily regulated environment. All players are said to have understood that compliance breaches can prove fatal for the business.

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## Alcoa agrees to settle Bahrain bribery case for \$384million

The US Department of Justice ('DOJ') reports that Alcoa World Alumina has admitted involvement in corruption, pleading guilty to bribing officials in Bahrain, by way of a go-between in London.

Although having initially refuted the allegations against it, saying they amounted merely to "a series of guesses and overdrawn inferences", the aluminium giant later acknowledged the prob-

lem. The company, together with its joint venture partner, will pay a total of \$384m to settle the case with US regulatory authorities. The settlements comprise \$223m in respect of the criminal case against the company, and \$161m in relation to the civil case.

The bribery referred to in the case occurred between 2004 and 2009, and amounted to \$9.5m.

Mythili Raman, the acting assistant attorney general said, "Alcoa World Alumina admits to involvement in a corrupt international underworld in which a middleman, secretly held off-shore bank accounts, and shell companies were used to funnel bribes to government officials in order to secure business".

The DOJ has said that bribes were also paid to

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