

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, June 4, 2018

### **Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials**

Legg Mason Inc. (Legg Mason), a Maryland-based investment management firm, has entered into a non-prosecution agreement with the Department of Justice and agreed to pay \$64.2 million to resolve the Department's investigation into violations of the Foreign Corrupt Practices Act (FCPA) in connection with Legg Mason's participation, through a subsidiary, in a Libyan bribery scheme.

Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division, U.S. Attorney Richard P. Donoghue of the Eastern District of New York, Assistant Director in Charge William F. Sweeney Jr. of the FBI New York Field Office and Deputy Chief Eric Hylton of IRS Criminal Investigation made the announcement.

According to Legg Mason's admissions, between 2004 and 2010, a Legg Mason subsidiary, Permal Group Ltd. (Permal), partnered with Société Générale S.A. (Société Générale), a multinational bank headquartered in Paris, France, to solicit business from state-owned financial institutions in Libya. During this time, Société Générale paid bribes through a Libyan "broker" in connection with 14 investments made by Libyan state-owned financial institutions. For each transaction, Société Générale paid the Libyan broker a commission of between one and a half and three percent of the nominal amount of the investments made by the Libyan state institutions. In connection with seven of the transactions, Société Générale paid commissions to the Libyan broker to benefit Legg Mason, through its subsidiary Permal, which managed funds invested by the Libyan state institutions. In total, Société Générale paid the Libyan Intermediary over \$90 million, portions of which the Libyan broker paid to high-level Libyan officials in order to secure the investments from various Libyan state institutions for Société Générale. As a result of the corrupt scheme, Société Générale obtained 13 investments and one restructuring from the Libyan state institutions worth a total of approximately \$3.66 billion, and earned profits of approximately \$523 million. Legg Mason, through Permal, managed seven of these investments and earned profits of approximately \$31.6 million.

Legg Mason entered into a non-prosecution agreement and agreed to pay \$64.2 million to resolve the matter. This payment includes a penalty of \$32.625 million to be paid to the U.S. Treasury within five days of the agreement, and disgorgement of \$31.617 million, which will be credited against disgorgement paid to other law enforcement authorities within the first year of the agreement. As part of the non-prosecution

agreement, Legg Mason has agreed to continue to cooperate with the Department in any ongoing investigations and prosecutions relating to the conduct, including of individuals, to enhance its compliance program and to report to the Department on the implementation of its enhanced compliance program.

The Department reached this resolution based on a number of factors, including that Legg Mason did not voluntarily and timely disclose the conduct at issue, but fully cooperated in the investigation and fully remediated. Moreover, Legg Mason's misconduct involved only mid-to-lower level employees of Permal, a subsidiary company, and was not pervasive throughout Legg Mason or Permal; Société Générale – and not Legg Mason or Permal – maintained the relationship with the Libyan broker and was responsible for originating and leading the scheme; the profits earned by Legg Mason and Permal were less than one-tenth of the profits earned by Société Générale; and neither Legg Mason nor Permal has a history of similar misconduct.

The FBI's New York Field Office and IRS-CI's New York office are investigating the case. Trial Attorneys Dennis R. Kihm and Gerald M. Moody Jr. of the Criminal Division's Fraud Section and Assistant U.S. Attorneys David C. Pitluck and James P. McDonald of the Eastern District of New York are prosecuting this matter. The Criminal Division's Office of International Affairs provided significant assistance in this investigation.

The Department appreciates the significant cooperation and assistance provided by the U.S. Securities and Exchange Commission in this matter. France's Parquet National Financier, the United Kingdom's Serious Fraud Office, Switzerland's Office of the Attorney General and Federal Office of Justice also provided significant cooperation.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's Fraud Section FCPA enforcement efforts can be found at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa).

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**Attachment(s):**

[Download Legg Mason NPA](#)

**Topic(s):**

Financial Fraud

**Component(s):**

[Criminal Division](#)

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