

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, June 4, 2018

### **Société Générale S.A. Agrees to Pay \$860 Million in Criminal Penalties for Bribing Gaddafi-Era Libyan Officials and Manipulating LIBOR Rate**

#### **Bank admits to making over \$90 million in corrupt payments; Acknowledges manipulation of global benchmark interest rate, impacting financial products traded worldwide**

Société Générale S.A. (Société Générale), a global financial services institution based in Paris, France, and its wholly owned subsidiary, SGA Société Générale Acceptance N.V., have agreed to pay a combined total penalty of more than \$860 million to resolve charges with criminal authorities in the United States and France, including \$585 million relating to a multi-year scheme to pay bribes to officials in Libya and \$275 million for violations arising from its manipulation of the London InterBank Offered Rate (LIBOR), one of the world's leading benchmark interest rates. SGA Société Générale Acceptance N.V. will plead guilty in the Eastern District of New York in connection with the resolution of the foreign bribery case. Together with approximately \$475 million in regulatory penalties and disgorgement that Société Générale has agreed to pay to the Commodity Futures Trading Commission (CFTC) in connection with the LIBOR scheme, the total penalties to be paid by the bank exceed \$1 billion.

In related proceedings, Société Générale reached a settlement with the Parquet National Financier (PNF) in Paris relating to the Libya corruption scheme. The United States will credit \$292,776,444 that Société Générale will pay to the PNF under its agreement, equal to 50 percent of the total criminal penalty otherwise payable to the United States. This is the first coordinated resolution with French authorities in a foreign bribery case.

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, Special Agent in Charge Matthew J. DeSarno of the FBI Washington Field Office's Criminal Division and Deputy Chief Eric Hylton of IRS Criminal Investigation made the announcement.

"For years, Société Générale undermined the integrity of global markets and foreign institutions by issuing false financial data and by fraudulently securing contracts through bribery," said Acting Assistant Attorney General Cronan. "Today's resolution – which marks the first coordinated resolution with France in a foreign

bribery case – sends a strong message that transnational corruption and manipulation of our markets will be met with a global and coordinated law enforcement response.”

“The resolution announced today by the Department with Societe Generale and a subsidiary, which includes a guilty plea, admissions of wrongdoing, significant corrective measures and hundreds of millions of dollars in penalties, sends a powerful message to financial institutions that engage in corruption and manipulation in the financial markets that they will be held accountable,” said U.S. Attorney Donoghue. “The United States will vigorously protect the integrity of financial markets by holding responsible to the full extent of the law those banks, corporations and individuals who seek to corrupt government officials to enrich themselves.”

“Today’s resolution demonstrates that fraudulently manipulating LIBOR and deceiving the financial market has severe consequences, and the FBI will not tolerate this type of criminal activity,” said Special Agent in Charge DeSarno. “The FBI remains committed to holding institutions accountable for their actions in breaking the law and manipulating the global benchmark interest rate. The personnel of the FBI Washington Field Office have dedicated significant time and resources to investigating complex financial fraud schemes such as this one, and I want to thank them for their tireless efforts as well as our colleagues at the Department of Justice Criminal Division’s Fraud Section and the U.S. Attorney’s Office for the Eastern District of New York for their hard work.”

“Today’s announcement resulted from the unraveling of international financial transactions orchestrated by Société Générale and its agents to facilitate illegal payments to foreign government officials in Libya,” said IRS-CI Deputy Chief Hylton. “IRS-CI is a trusted partner in pursuit of those who use pervasive bribery schemes to circumvent the law. We are committed to maintaining fair competition, free of corrupt practices, through global teamwork and our robust financial investigative talents.”

#### The FCPA Case

According to the companies’ admissions, between 2004 and 2009, 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 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.

Société Générale will enter into a deferred prosecution agreement in connection with a criminal information charging the company with one count of conspiracy to violate the anti-bribery provisions of the FCPA and one count of transmitting false commodities reports. Additionally, Société Générale’s subsidiary, SGA

Société Générale Acceptance N.V., will plead guilty to a one-count criminal information filed today in the Eastern District of New York charging the company with a conspiracy to violate the anti-bribery provisions of the FCPA. Pursuant to its agreement with the Department, Société Générale agreed to pay a total criminal penalty of \$585 million to the Department. Société Générale also agreed to continue to cooperate with the Department's investigation and adopt and maintain enhanced compliance procedures. The guilty plea is scheduled to take place on Tuesday, June 5, before U.S. District Judge Dora L. Irizarry of the Eastern District of New York.

The Department entered into this resolution in part due to Société Générale's failure to voluntarily self-disclose the companies' misconduct to the Department; the seriousness of the companies' conduct, including the high value of the bribes paid to foreign officials; the company's substantial, though not full, cooperation with the Department; and the company's significant remediation which, together with the company's risk profile and ongoing monitoring by L'Agence Française Anticorruption, resulted in the Department determining that a monitor was not necessary in this case.

#### The LIBOR Case

As admitted by the company, between May 2010 and at least October 2011, Société Générale promulgated falsely deflated U.S. Dollar (USD) LIBOR submissions to make it look as though Société Générale was able to borrow money at more favorable interest rates than it was actually able to do. This downward manipulation allowed Société Générale to create the appearance that it was stronger and more creditworthy than it was.

The USD LIBOR manipulation scheme was ordered by senior executives of Société Générale, who tasked the managers of the company's Treasury Department with overseeing the execution of the deflation effort. Several employees within Société Générale's Treasury Department ensured that the company's USD LIBOR submissions were altered in accordance with the deflation directive. Société Générale's misconduct frequently altered the daily rate at which USD LIBOR was set, which affected financial products worldwide, including interest rate swaps, futures contracts and other derivative financial products.

Further, in 2006, certain Société Générale employees in London and Tokyo worked together to manipulate Société Générale's Japan Yen (JPY) LIBOR submissions. These employees endeavored to manipulate JPY LIBOR in order to benefit the trading positions of a Société Générale employee. This employee had numerous deals tied to JPY LIBOR, and manipulation of JPY LIBOR improved the profitability of the employee's trading book.

By the terms of the agreement, Société Générale will pay a fine of \$275 million to resolve the LIBOR misconduct matter. Additionally, in August 2017, two individuals—former Société Générale Global Treasury Head Danielle Sindzingre and former Paris Treasury Head Muriel Bescond—were indicted for their roles in the scheme. Both individuals remain at large. An indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The deferred prosecution agreement and the plea agreement are subject to court approval.

The FBI's Washington Field Office and IRS-Criminal Investigation's New York office are investigating the case. Trial Attorneys Gerald M. Moody Jr. and Dennis R. Kihm 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 the FCPA case. Assistant Chief Carol Sipperly, Trial Attorneys Timothy A. Duree and Gary A. Winters of the Criminal Division's Fraud Section and Assistant U.S. Attorney Matthew S. Amatruda of the Eastern District of New York are prosecuting the LIBOR case. The Criminal Division's Office of International Affairs provided significant assistance in this matter.

The Department appreciates the significant cooperation and assistance provided by the U.S. Securities and Exchange Commission and the CFTC in this matter. The PNF, the United Kingdom's Serious Fraud Office, the Federal Office of Justice in Switzerland and the Office of the Attorney General in Switzerland 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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**Topic(s):**

Financial Fraud

**Component(s):**

Criminal Division

Criminal - Criminal Fraud Section

USAO - New York, Eastern

**Press Release Number:**

18-722

*Updated June 4, 2018*