

## Press Release

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# Legg Mason Charged With Violating the FCPA

### **FOR IMMEDIATE RELEASE**

**2018-168**

*Washington D.C., Aug. 27, 2018* — The Securities and Exchange Commission today announced that Legg Mason Inc. will pay over \$34 million to resolve an SEC charge that the company violated the Foreign Corrupt Practices Act (FCPA) in a scheme to bribe Libyan government officials.

According to the SEC's order, between 2004 and 2010, a former Legg Mason asset management subsidiary, Permal Group Inc., partnered with a French financial services company to solicit investment business from Libyan state-owned financial institutions. These entities engaged in a scheme to pay bribes to Libyan government officials through a Libyan middleman in order to secure investments. As a result of the corrupt scheme, Legg Mason, through its Permal subsidiary, was awarded business tied to \$1 billion of investments for the Libyan financial institutions, earning net revenues of approximately \$31.6 million. According to the SEC's order, the middleman used the term "cooking" to describe his ability to cause Libyan government officials to invest by any means necessary, including bribes.

"Companies must take adequate steps to identify and mitigate the risks of bribery and corruption present in their global business. Those risks are particularly acute when, as here, agents and middlemen are used as part of a company's efforts to obtain business with government clients," said Charles Cain, Chief of the Enforcement Division's FCPA Unit.

The SEC's order finds that Legg Mason violated the internal accounting controls provision of the Securities Exchange Act of 1934. Legg Mason agreed to disgorge approximately \$27.6 million of ill-gotten gains plus \$6.9 million in prejudgment interest to settle the SEC's case. Legg Mason had also previously agreed to pay \$33 million to the U.S. Department of Justice in sanctions resulting from the firm's involvement in the Libyan bribery scheme.

The SEC's investigation was conducted by Eric Heining and Paul G. Block of the FCPA Unit and Rory Alex and Martin F. Healey of the Boston Regional Office. The SEC appreciates the assistance of the Fraud Section of the Department of Justice, the U.S. Attorney's Office for the Eastern District of New York, and the Federal Bureau of Investigation.

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**Related Materials**

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- SEC Order