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Financial crime update and regulation overlap

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Background

- Overlap between financial crime and regulatory investigations and breaches
- Why should we care?
- Overlap
- Case Study
- Recent trends

Overlap

- Financial crimes include:

Bribery and corruption, cartel and price fixing, money laundering, terrorist financing, operating scams, insider dealing etc.

- Regulatory breaches include:

Causing harm to customers from mis-selling, misleading accounting, poor systems and controls, bringing the profession or sector into disrepute, acting in own interests, breaching fiduciary duties etc.

◇ Why do we care?

- GDPR – 4% turnover or £20m
- Competition law – 10% of annual group turnover and jail time
- Proceeds of crime – unlimited fine and jail time
- Bribery and corruption – unlimited fine and jail time
- Reputation, management time, legal costs, share price, loss of income or liberty

◇◇ Examples of Overlap

- Powers:

FCA – criminal and regulatory

HMRC - criminal and regulatory

Gambling Commission – criminal and regulatory

- Information sharing:

Memorandum of Understanding e.g. HMRC, PRA, FCA

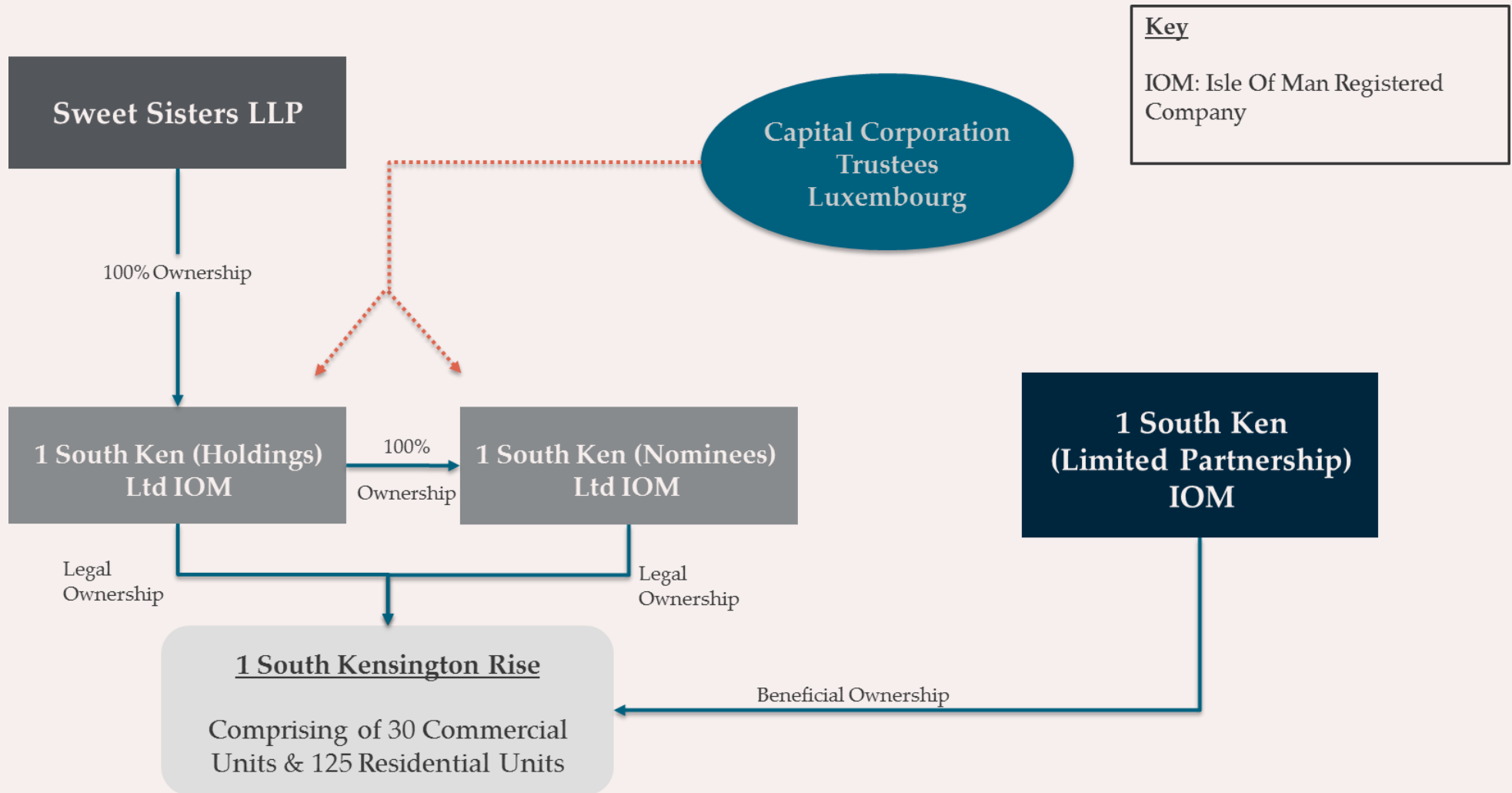
Crime Agencies sharing techniques and information

Super SARs



Case Study

Money Laundering





THE ADVERSE PRESS

www.adversedubaipress.ae

Dubai's Favourite Newspaper

1st April 2016

Dubai Police have arrested Mr Aban Abbar as part of a probe into a price fixing and bribery scandal involving the oil refining industry and Government officials. Mr Abbar was arrested at Dubai International Airport upon his return from London, England. He is said to have been accompanied by various luxurious items from a spending spree in London.

The police say that they are investigating allegations of a secret price fixing arrangement and bribery by companies in Dubai who provide the hire of refining machinery to other refinery companies. It is said that the arrangement of the price fixing and bribery is so entrenched that the provision of hire contracts have only ever come from 3 companies in the last 5 years. The value of contracts alleged to be obtained as a consequence of corrupt activity is said to be in excess of \$30 million.

The alleged bribes were paid to top government officials who have the influence to award state led contracts to these private entities.

One of these companies in the spotlight, AB Refinery Services LLC, is owned by Mr Abbar. Incidentally, the company has always secured the most lucrative contract.

Investigators raided the home of Mr Abbar yesterday morning in an effort to obtain more incriminating evidence and there is allegedly a vast array of evidence to incriminate him in the scandal. It is said that there was a briefcase containing \$100,000 found at his home.

Mr Abbar lives in Dubai with his wife. They have two children, Ameer and Fatima.

◇◇ Recent Case/Trends

- FCA penalties lumpy but rising trend
- Regulators get a second wind? E.g. Gambling Commission, 888.com
- Rolls Royce, Tesco, Deutsche Bank
- Azerbaijan Laundromat
- De-risking by financial institutions

Steps to take when the inspector calls

- Legal hold
- Scope any investigation (people, issues, risk of repeating, period)
- Self-report
- Co-operate
- Assess merits
- Fund/insure
- Dialogue
- PR/reputation damage limitation
- Consider conflicts
- Settle or fight



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Thank you

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