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## FCPA DAILY DIGEST

### **Staley: JPMorgan cannot treat me as a “public relations shield”**

<https://globalinvestigationsreview.com/article/staley-jpmorgan-cannot-treat-me-public-relations-shield>

### **French court fines Swiss bank €5.8 million for tax offences**

<https://globalinvestigationsreview.com/article/french-court-fines-swiss-bank-eu58-million-tax-offences>

### **Autonomy founder loses final UK bid to challenge extradition**

<https://globalinvestigationsreview.com/article/autonomy-founder-loses-final-uk-bid-challenge-extradition>

### **World Bank debars private equity executive** <https://fcpablog.com/2023/04/20/world-bank-debars-private-equity-executive/>

### **Top Ten Corporate FCPA Enforcement Actions** <https://fcpaprofessor.com/top-ten-corporate-fcpa-enforcement-actions-2/>

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## **DOJ excessively relied on coercive interviews, ex-Cognizant execs say**

By Ana de Liz

Former JPMorgan executive Jes Staley has argued that his former employer has no viable claim for him to pay damages in relation to two lawsuits over the bank's connections to convicted sex offender Jeffrey Epstein.

Staley's arguments come in response to JPMorgan's attempt to add him as a third-party defendant to two lawsuits, alleging he violated his fiduciary duties to the bank, among other claims. In a motion to dismiss filed on 24 April, Staley attacks JPMorgan's assertions that he is at fault for the bank's relationship with Epstein and its request for related damages and compensation for the harm it has suffered.

Staley said that the investment bank did not detail specific actions that would make him liable to pay the damages that JPMorgan is seeking.

Instead, he says the bank is “seeking to change the narrative and deflect blame” by pinning the bank's business relationship with Epstein, a convicted sex offender who was arrested in 2019 on charges of sex trafficking underage girls and died the same year by apparent suicide in prison while awaiting trial, on him.

Epstein was a client of JPMorgan for 15 years until 2013, four years after Staley became chief executive at JPMorgan's corporate and investment banking division.

JPMorgan asked a Manhattan court in March to add Staley as a co-defendant in two suits the bank faces for allegedly turning a blind eye to the conduct of convicted sex offender Jeffrey Epstein.

The first was filed by an unnamed Jane Doe who claims to be a victim of Epstein's crimes and argues that the bank ignored Epstein's sex-trafficking activities to retain him as a client.

The second, by the US Virgin Islands government (USVI), alleges that the bank enabled Epstein to operate his criminal enterprise from the territory. The USVI lawsuit also claims Staley had a role in maintaining Epstein's relationship with the bank amid concerns about the

true nature of his payments to entities including a “modelling agency” and various women. It claimed that Staley exchanged more than 1,200 emails with Epstein and that these included photographs of young women sent by the convicted criminal.

“Whether or not JPMorgan is liable to Doe and the USVI remains to be seen. What is certain is that the bank cannot treat Mr Staley as its public relations shield by asserting claims that lack any legal (or factual) basis,” the former bank executive’s filing reads.

Staley added that the bank is trying to hold him accountable for alleged wrongdoing tied to Epstein while never claiming he had any decision-making powers over Epstein’s accounts.

“In short, it is clear on the face of these complaints that the bank is not being sued as Mr Staley’s employer, but rather because it allegedly provided Epstein with the financial tools and cover to maintain his trafficking ring,” the filing states.

Staley also argued that JPMorgan has not stated that it has lost any money from his “alleged deception”. Instead, the damages the bank has asked for are speculative, and cannot be tied to a claim for breaches of his duties as former chief executive, Staley said.

The former JPMorgan executive left the investment bank in 2013 and became the chief executive of UK lender Barclays. Staley resigned in 2021 amid an investigation by the UK’s financial regulators into alleged mischaracterisations of his relationship with Epstein.

Counsel to Jes Staley  
William & Connolly

Partners Brendan Sullivan, Zachary Warren and Stephen Wohlgemuth in Washington, DC

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## **French court fines Swiss bank €5.8 million for tax offences**

By Alice Johnson

A court in Paris has fined Swiss private lender Reyl & Cie €5.8 million and handed its CEO, François Reyl, a €500,000 penalty and a suspended prison sentence after the bank pleaded guilty to facilitating tax evasion.

A lawyer for Reyl, Kiril Bougartchev at Bougartchev Moyne Associés in Paris, said that the court approved the fines on 18 April as part of a so-called comparison sur reconnaissance préalable de culpabilité – a French-style plea bargain between France’s National Financial Prosecutor’s Office (PNF) and the Geneva-based bank.

The sentencing concludes a long-running investigation into Reyl for allegedly helping some of its wealthy French clients hide €14 million in undeclared funds and assets in Switzerland between 2009 and 2013.

The probe initially focused on alleged tax evasion by France’s former budget minister, Jérôme Cahuzac, and expanded to include several other Reyl customers thought to be concealing funds from the French tax authorities in the bank’s accounts.

In 2016, a French court fined Reyl €1.8 million after it pleaded guilty to money laundering and aiding and abetting tax evasion for helping Cahuzac stash over half a million euros in undeclared funds at the bank.

In the same year, Reyl was fined a further €2.8 million over six other accounts allegedly containing the proceeds of tax evasion. In the Cahuzac case, the court sentenced him to three years in jail, fined François Reyl €375,000 and handed the bank CEO a suspended prison sentence over the misconduct.

The latest fine is reportedly linked to an eighth undeclared account belonging to Alexandre Allard, an entrepreneur and former owner of the luxury Parisian hotel Royal Monceau. On 18 April, the Paris court reportedly sentenced him to a one-year suspended prison sentence and a fine of €2 million.

According to the bank’s lawyer, the court said in its latest ruling that Reyl will only have to pay €1.2 million of the €5.75 million total because it agreed to credit the previous fines the bank had already paid in related proceedings. Bougartchev added that François Reyl will pay a reduced fine of €125,000 after deducting the penalty he was handed in 2016.

Reyl said in a statement it is “pleased to see finally the closure of the last chapter of this old case” and added that the bank has at “all times” respected its obligations under Swiss law applicable to it at the time of the facts.

Counsel to Reyl & Cie  
Bougartchev Moyne Associés

Kiril Bougartchev in Paris

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## **Autonomy founder loses final UK bid to challenge extradition**

By Alice Johnson

A London court has denied British businessman Mike Lynch permission to appeal against his extradition to the US, where he faces fraud charges over the sale of a software company he co-founded.

The High Court of England and Wales on 21 April rejected all five of Lynch's grounds for appealing against a lower court's 2021 decision, subsequently approved by the UK's home secretary, that he should be extradited for allegedly inflating the value of software business Autonomy.

"None of the grounds of appeal are arguable," said Lord Justice Clive Lewis and Justice Julian Knowles in their written ruling. "The district judge was correct in his analysis and conclusions," they added.

The businessman's legal team told the high court in March that the decision on whether to prosecute Lynch should be made by the Serious Fraud Office, which reserved its right to prosecute the businessman when the agency closed its two-year investigation into the sale of Autonomy in 2015. Lynch's lawyers also raised concerns about the businessman's health and said that too much time has passed since the alleged offences occurred.

The US Justice Department charged Lynch in 2018 with 17 counts of fraud over the \$11 billion sale of Autonomy to US technology company HP. Lynch denies wrongdoing.

In separate civil proceedings, the High Court of England and Wales found Lynch liable in 2022 for damages in a lawsuit that HP brought against him for alleged misrepresentations about Autonomy's value. Lynch is also considering an appeal against the civil judgment, according to court documents.

Practitioners said Friday's decision marks the end of Lynch's legal avenues in the UK to appeal against his extradition, but he can still appeal to the European Court of Human Rights for a so-called rule 39 order to halt the proceedings while the Strasborg-based court considers the case.

A spokesperson for Lynch said in an emailed statement that he is "disappointed" by the ruling and "will continue to explore his options to appeal, including to the European Court of Human Rights".

"The United States' legal overreach into the UK is a threat to the rights of all British citizens and the sovereignty of the UK," the spokesperson added.

London lawyers believe Lynch will face an uphill task convincing the European court to pause his extradition.

"It is difficult to see the Strasbourg court intervening in this case and it should be remembered that any application to Strasbourg can only be founded on narrow human rights grounds," said Thomas Garner at Fladgate.

Edward Grange at Corker Binning said that rule 39 orders are only granted in cases where the court is concerned about an imminent threat to life or ill-treatment such as torture. He added that the high court has dismissed Lynch's arguments that extradition could breach his human rights.

The judges said on Friday that the district court was correct to find that there are no substantial grounds to believe that Lynch's rights to medical care would be breached if he is sent to prison in the US.

A lawyer for the Crown Prosecution Service, which has conducted the proceedings against Lynch on the DOJ's behalf, did not respond to a request for comment.

Counsel to Michael Lynch  
Matrix Chambers

Alex Bailin KC, Aaron Wakins and Jessica Jones in London

Instructed by

Clifford Chance

Partners Kelwin Nicholls in London and Christopher Morvillo in New York

For the CPS (on behalf of the US Government)  
Matrix Chambers

Mark Summers KC in London

Three Raymond Buildings

Rachel Barnes KC in London

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# World Bank debars private equity executive

By Mike Kholer

The World Bank debarred a private equity executive Thursday for two years for misleading the International Finance Corporation that supports a closed-end private equity fund investing in Turkey.

Selcuk Yorgancioglu and any firms he controls are ineligible to participate in projects and operations financed by the World Bank Group during the 24-month debarment.

According to the World Bank, Yorgancioglu, a Turkish national, was part of the investment team on the Abraaj Turkey Fund I Project.

The investment team omitted to disclose "material and relevant facts" about the financial situation of one of the investee companies, which mislead the IFC, the World Bank said. This constitutes a fraudulent practice as defined in the IFC's sanctionable practices.

The \$600 million Abraaj Turkey Fund invests in privately-held medium-sized businesses based in Turkey with regional growth potential, operating primarily in consumer goods and services, financial services, logistics, and retail.

The IFC is the private-sector arm of the World Bank Group. It cooperates with the World Bank but is legally and financially independent.

According to LinkedIn, Yorgancioglu is currently managing partner at Tork Partners and a board member of Bluegrove Capital Management, a private equity firm based in London. He previously worked at Deutsche Bank as the country CEO for Turkey.

In 2018, Yorgancioglu was appointed co-CEO of the Arbraaj Group as part of its restructuring.

"The settlement agreement provides for a reduced period of debarment in light of Mr. Yorgancioglu's cooperation, acceptance of responsibility, corrective action, and voluntary restraint from pursuing future opportunities with the World Bank Group," the World Bank said.

Yorgancioglu agreed to take corporate ethics training and committed that any firms or other individuals that he controls will implement a corporate ethics training program.

He also committed to continue fully cooperating with the World Bank Group Integrity Vice Presidency, the World Bank said.

The debarment qualifies for cross-debarment by the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the African Development Bank.

A list of all World Bank debarred entities and individuals is here.

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## Top Ten Corporate FCPA Enforcement Actions

By Mike Kholer

Set forth below is the current top ten corporate FCPA settlements of all-time actually secured by U.S. law enforcement (in other words net FCPA settlement amounts).

As highlighted below, seven of the top ten FCPA enforcement actions involve foreign companies.

Unlike certain other lists, the below list is calculated after consistently accounting for certain credits or deductions in several enforcement actions involving foreign companies and/or related foreign law enforcement actions.

### 1. Goldman Sachs

-1.66 billion  
-(\$1.263 billion DOJ)(\$400 million SEC)  
-2020

### 2. Ericsson

-1.06 billion  
-(\$520 million DOJ)(\$540 million SEC)  
-2019

### 3. MTS

-\$850 million  
-(\$750 million DOJ)(\$100 million SEC)  
-2019

### 4. Siemens

-\$800 million  
-(\$450 million DOJ)(\$350 million SEC)

-2008

**5. Alstom**

-\$772 million

-\$772 million DOJ)

-2014

**6. KBR/Halliburton**

-\$579 million

-\$402 million DOJ)(\$177 million SEC)

-2009

**7. Teva Phrama**

-\$519 million

-\$283 million DOJ)(\$236 million SEC)

-2016

**8. Telia**

-\$483 million

-\$275 million DOJ)(\$208 million SEC)

-2017

**9. Glencore**

-\$443 million

-\$443 million DOJ)

-2022

**10. Och-Ziff**

-\$412 million

-\$213 million DOJ)(\$199 million SEC)

-2016

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**FCPA Fun fact:** The State of **North Carolina** is home to the tallest dam on the east coast at 426ft: Fontana Dam

Best regards,

**Victor Y. Ortiz**

Document Management Analyst, Contractor

U.S. Department of Justice | Criminal Division | Fraud Section | FCPA Unit

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