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CORRUPTION CURRENTS

Barclay's Faces FCPA Probe

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Barclays BARC.LN -4.31% PLC faces two new U.S. regulatory investigations into allegations of past misconduct, including violations of the Foreign Corrupt Practices Act, The Wall Street Journal reported.

Barclaysid U.S. prosecutors and securities regulators have opened an investigation into whether the bank violated the anticorruption law as it raised money from Middle Eastern investors during the first phase of the financial crisis.



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The U.S. probe, being conducted by the Justice Department and the Securities and Exchange Commission, is at an early stage and Barclays said it is cooperating. But it appears to represent an escalation of an investigation started this summer by British authorities who are scrutinizing Barclays's public disclosures of its 2008 Mideast fundraising.

Separately, Barclays said that the U.S. Federal Energy Regulatory Commission is poised to announce penalties against the bank as soon as Wednesday stemming from its alleged manipulation of electricity prices in the western U.S. between 2006 and 2008. Barclays said it plans to defend itself.

The two investigations represent fresh blows to a once-proud British institution. This summer, Barclays paid about \$450 million to settle U.S. and British charges that it sought to manipulate benchmark interest rates, sometimes at the behest of top executives. The ensuing political furor led to the resignations of Barclays's chairman, chief executive and chief operating officer

This summer, the U.K.'s Financial Services Authority and Serious Fraud Office both opened investigations focused in part on how Barclays persuaded Qatar's sovereign-wealth fund to inject billions of pounds of capital into the bank in the early days of the financial crisis, according to people briefed on the investigation. Barclays said at the time that the investigation, which was examining the role of finance chief Chris Lucas, among others, was dwelling on how the bank had publicly disclosed fees and other business arrangements associated with the fundraising. Executives have said the focus on disclosure issues signaled that the probes weren't focused on more serious corruption issues.

The U.S. probes, by contrast, are looking into "whether the group's relationships with third parties who assist Barclays to win or retain business are compliant with the United States Foreign Corrupt Practices Act," which prohibits improper payments to foreign officials for a business advantage, Barclays said Wednesday. The bank said it "is investigating and fully cooperating" with the U.S. authorities.

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