Standard Bank to Pay $4.2 Million to Settle SEC Charges

Bank Agrees to $36.9 Million Global Settlement with the SEC and the U.K.'s Serious Fraud Office

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Washington D.C., Nov. 30, 2015 — The Securities and Exchange Commission today charged Standard Bank Plc with failing to disclose certain payments in connection with debt issued by the Government of Tanzania in 2013. The London-based bank acted as a lead manager for the offering and failed to disclose payments made by an affiliate to a Tanzanian firm that received a portion of the proceeds of the $600 million offering but performed no substantive role in the transaction.

Standard Bank, now ICBC Standard Bank Plc, agreed to settle the SEC's charges by paying a $4.2 million penalty and admitting the facts underlying the SEC's charges that were admitted in a related settlement with the United Kingdom's Serious Fraud Office (SFO). As part of that coordinated global settlement, the SFO also announced a settlement today in an action it brought against Standard in the U.K. for Standard's violations of Section 7 of the U.K.'s Bribery Act of 2010. The Bribery Act of 2010 is similar to the Unites States' Foreign Corrupt Practices Act (FCPA). The SEC would not have jurisdiction to bring charges under the FCPA because Standard was not an "issuer" as defined by that Act. Standard will pay a total of approximately $36.9 million in monetary relief in the SEC and U.K. actions.

According to the SEC's order, the offering documents and statements to potential investors in the sovereign debt offering were materially misleading because they failed to disclose that Standard's affiliate, Stanbic Bank Tanzania Limited, would pay $6 million of the proceeds to Enterprise Growth Markets Advisors Limited (EGMA), a private Tanzanian firm. The order found Standard did not seek to understand EGMA's role in the transaction despite red flags that the $6 million payment was intended to induce the Government of Tanzania to select Standard and Stanbic as managers for the offering. One of EGMA's directors was a representative of the Government of Tanzania and the offering was not finalized until Standard and Stanbic committed to pay EGMA one percent of the proceeds of the offering. Standard and Stanbic split 1.4 percent of the proceeds, with each receiving $4.2 million for their participation in the transaction.

"Standard failed to disclose EGMA's involvement in the bond offering to investors despite red flags suggesting some of the proceeds of the offering were going to EGMA for the purpose of influencing the Tanzanian Government's selection of bankers for the transaction," said Gerald W. Hodgkins, Associate Director of the SEC's Division of Enforcement. "This action against Standard demonstrates that when suspicious payments made anywhere in the world result in tainted securities offerings in the United States, the SEC is fully committed to taking action against the responsible parties."

The SEC's order requires Standard to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act of 1933 that prohibits obtaining money by any materially untrue statement or omission, and to pay a $4.2 million civil penalty. The order also requires Standard to pay disgorgement of $8.4 million, which the Commission has deemed satisfied by a payment of equal amount in the U.K. matter.

The SEC's investigation was conducted by Douglas C. McAllister and Lesley B. Atkins. The SEC appreciates the coordination of the U.K Serious Fraud Office.

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Related Materials

- SEC order