

In re Credit Suisse (Hong Kong) Limited (2018)

Nature of the Business.

Credit Suisse (Hong Kong) Limited (“CSHK”) is the Hong Kong-based wholly owned subsidiary and agent of Credit Suisse Group AG, a Swiss banking corporation that issues publicly traded securities on the New York Stock Exchange.

Influence to be Obtained.

According to the DOJ, throughout the relevant period CSHK hired and promoted individuals related to or referred to CSHK by clients and potential clients, including government officials and state-owned enterprises. CSHK would allegedly employ these individuals solely on the basis of their relationships with the clients or potential clients, with the intent of obtaining or retaining business with them. Some individuals were identified as a “must hire” even though they were less qualified than other candidates. After they were hired, the related employees were promoted and offered benefits even though their performance was below standard.

The DOJ alleged that CSHK’s hiring practices were linked to attainment of specific deals, including over \$46 million in revenue from banking mandates from Chinese SOEs.

Enforcement.

On May 24, 2018, the DOJ entered into a three-year non-prosecution agreement with CSHK, pursuant to which it agreed to pay a monetary penalty of \$47,029,916. CSHK received a fifteen percent discount off the sentencing guidelines, as it did not receive voluntary disclosure credit and only received partial credit for its cooperation and remediation.

On July 5, 2018, the SEC issued a cease-and-desist order to CSHK’s parent company, Credit Suisse Group AG in which it agreed to pay \$29,823,804 in disgorgement and prejudgment interest. The SEC did not impose a civil penalty in recognition of the criminal penalty imposed on CSHK.

Key Facts

Citation. *In re Credit Suisse (Hong Kong) Limited* (2018).

Date Filed. May 24, 2018.

Country. China.

Date of Conduct. 2007 – 2013.

Amount of the value. Not stated.

Amount of business related to the payment. \$46 million in revenue.

Intermediary. None.

Foreign official. Unnamed executives of state-owned enterprises and government officials in China.

FCPA Statutory Provision. Anti-Bribery.

Other Statutory Provision. None.

Disposition. Non-Prosecution Agreement.

Defendant Jurisdictional Basis. Agent of Issuer.

Defendant’s Citizenship. Hong Kong.

Total Sanction. \$47,029,916.

Compliance Monitor/Reporting Requirements. Three-year reporting requirement.

Related Enforcement Actions. *In the Matter of Credit Suisse Group AG*, Admin. Proc. File No. 3-18571 (July 5, 2018).

Total Combined Sanction. \$76,853,720.