

In the Matter of Legg Mason, Inc. (2018)

Nature of the Business.

Legg Mason, a U.S. corporation, is an investment management firm headquartered in Baltimore, Maryland. Legg Mason maintains a class of securities on the New York Stock Exchange which are registered pursuant to Section 12(b) of the Securities Exchange Act. Permal Group Inc. was a Legg Mason asset management subsidiary headquartered in the U.S. Société Générale is a global financial services company headquartered in Paris, France.

Influence to be Obtained.

According to the SEC, from 2004 to 2010, Permal partnered with Société Générale to solicit investment business from Libyan state-owned financial institutions through a Libyan intermediary. Société Générale received money invested by the financial institutions in exchange for the issuance of structured notes, and some of the assets were placed in funds managed by Permal. Permal then recognized these investments as part of its assets under management and earned fees on the amount of assets received. Société Générale then paid a company controlled by the intermediary a commission which was used to pay high-level Libyan government officials to secure the investments from the financial institutions.

The SEC alleges that two former Permal employees were aware that the intermediary was paying bribes to officials but continued to use the intermediary for purported introductory services, and at least one of the Permal employees was aware that Société Générale employees were concealing the intermediary's payments from the financial institutions.

Enforcement.

On August 27, 2018, the SEC issued a cease-and-desist order against Legg Mason for violations of the internal controls provisions of the FCPA. Pursuant to the order, Legg Mason agreed to pay approximately \$27.6 million in disgorgement and \$6.9 million in prejudgment interest. Legg Mason previously entered a non-prosecution agreement with the DOJ on June 4, 2018 and agreed to pay a \$33 million criminal fine.

Key Facts

Citation. *In the Matter of Legg Mason*, Admin. Proc. File No. 3-18684 (Aug. 27, 2018).

Date Filed. August 27, 2018.

Country. Libya.

Date of Conduct. 2004 – 2010.

Amount of the Value. Approximately \$26.25 million.

Amount of Business Related to the Payment. Approximately \$31.6 million in net revenues.

Intermediary. Broker.

Foreign Official. Libyan government officials.

FCPA Statutory Provision. Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant's Citizenship. United States.

Total Sanction. \$34,502,494.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. *In re Legg Mason, Inc.*; *United States v. Société Générale S.A.*; *United States v. SGA Société Générale Acceptance, N.V.*

Total Combined Sanction. \$67,127,494.