

Compliance & Risk

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Headlines

- US fines Honda \$70m for failure to report deaths p.14
- Human rights at risk from anti-terrorist measures p.16
- Transparency spotlight on public sector corruption p.18

Contents

*Looking to the next 12 months:
10 issues for UK
Compliance Officers* 2

*Whistle-blowing:
Ireland's Protected
Disclosures Act 2014 –
its context and impact* 8

*Book review:
Handbook of
Social Media
and the Law* 13

News & Views 14

Alstom pays \$772m to settle US bribery allegations

The French engineering giant, Alstom, has agreed to pay \$772m in criminal penalties to settle bribery-related charges brought by the US Department of Justice ('DOJ').

The DOJ alleges that Alstom made illegal payments to government officials in various countries, including Indonesia and Egypt, in order to win business.

The regulator called the bribery scheme "astounding in its breadth, its brazenness and its worldwide consequences". Alstom is said to have paid over \$75m to secure

\$4bn worth of global projects.

The penalty meted out by the DOJ is the largest ever US fine for violations of foreign bribery laws.

The DOJ's deputy attorney general said he wanted the current settlement to serve as a warning to other businesses. "It is both my expectation and my intention that the comprehensive resolution we are announcing today will send an unmistakable message to other companies around the world that this Department of Justice will be relentless in rooting out and punishing

corruption to the fullest extent of the law", he said.

Alstom agreed to sell most of its power business to GE in June 2014. Under the terms of the €12.4bn takeover deal, GE is to assume all of Alstom's liabilities including possible official penalties. However, the DOJ has confirmed that Alstom, not GE, must pay the fine.

The energy arm of Alstom has been suffering since the financial crisis brought a drop in orders, and is also under investigation

[*\(Continued on page 14\)*](#)

Financial Conduct Authority keeps promise on tougher regulation

The UK Financial Conduct Authority ('FCA'), which had promised to be a more interventionist regulator by forcing change on markets and businesses, has kept its word, more than doubling the number of times it has stepped in to alter company practices in 2014.

The FCA, which has a strong mandate for consumer protection, made 31 so-called 'early interventions' (conducted with-

out lengthy investigation) in 2014 compared with 14 in 2013.

The interventions are private, but examples of the FCA's work included tackling the UK payday lending sector, leading to some lenders leaving the market and others giving guarantees to improve the treatment of their customers, and curbing misleading advertising in the financial products market. The

early intervention data are one of a number of elements that suggest the FCA is taking a more rigorous approach to regulation than its predecessor, the Financial Services Authority. Legal commentators are of the view that the early intervention power is the 'most significant addition to the regulator's armoury', given with the express intent that the

[*\(Continued on page 14\)*](#)