Julius Baer International, a subsidiary of Swiss private bank Julius Baer accepts the ruling from the UK’s FCA and will pay a substantial fine. The three employees involved are appealing.

In accepting the decision, Julius Baer International (JBI) will pay a fine of £18.0 million ($21.6 million), and said it fully cooperated with the UK’s Financial Conduct Authority (FCA), according to a statement Wednesday. The amount was previously disclosed in the mid-year report of the Julius Baer group.

**Improper Commissions**

At issue were finder's fees paid to an employee of the defunct Russian oil company Yukos Group, and done with the understanding its companies would place large cash sums with Julius
Julius Baer Pays Hefty Fine on Business with Yukos
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Baer, generating significant revenues, according to the related FCA decision notice.

Non-commercial foreign exchange transactions were made in which Yukos was charged unusually high rates, resulting in commission payments of about $3 million as a result of these arrangements, according to the FCA.

Banned by the FCA

Although JBI became aware of the nature of the transactions in 2012, it did not report the matter to the FCA until July 2014. FCA said charges were inappropriate and, along with the non-commercial foreign exchange transactions, JBI demonstrated a lack of integrity in the way it conducted business.

JBI notes that the FCA’s criticism of individuals was directed at three former employees, who were banned by the FCA.

Bank Acknowledges Partial Liability

«There were obvious signs that the relationships here were corrupt, which senior individuals saw and ignored. These weaknesses create the circumstances in which financial crime of the most serious kind can flourish. The FCA’s decisions on the individuals whom the FCA alleges were involved in these failures will now be reviewed in the Upper Tribunal,» said FCA executive director of enforcement and market oversight Mark Steward.

Julius Baer agreed to partial liability, which reduced the fine from £24.5 million, according to the FCA.