

A

Wrongdoing

PARADISO FINANCIAL SERVICES
REGULATORY AUTHORITY

We regulate financial services, our job is to prevent financial wrongdoing and punish the wrongdoers.

Insider dealing or **insider trading**: someone buys or sells securities using information that is not publicly available. **Chinese walls** are measures that you can take to stop knowledge in one department of your company being illegally used by another department, to buy or sell shares for example.

Price fixing: a group of companies in the same market secretly agree to fix prices at a certain level, so they do not have to compete with each other.

Market rigging: a group of investors work together to stop a financial market functioning as it should, to gain an advantage for themselves.

B

Bribery and corruption

An illegal payment to persuade someone to do something is a **bribe**, or informally a **backhand** (BrE only), **kickback** or **sweetener**. To **bribe** someone is **bribery**. Someone who receives bribes is **corrupt** and involved in **corruption**. This is informally known as **slaeze**, especially in politics.

C

Fraud and embezzlement

I'm Sam Woo. I've been a **fraud squad** detective for 20 years and I've seen a lot!

Once, a gang **counterfeited** millions of banknotes in a garage. We found US\$10 million in **counterfeit notes**. They were very good quality. **Counterfeiting** or **forgery** of banknotes was a problem, but now all the **forgers** are in jail.

Faking luxury goods like Rolex watches was also a problem, but we're working hard to close workshops where **fakes** are made.

There have been bad cases of **fraud** where someone offers to lend money, but demands that the borrower pays a "fee" before they get the loan. People can be stupid.

And there's **embezzlement**, a type of fraud where someone illegally gets money from their employer. One accountant sent false invoices to the company he worked for, and paid money from his company into bank accounts of false companies he had "created". He **embezzled** \$2 million – quite a scam.

There used to be a lot of **racketeers** demanding "protection money" from businesses. If they didn't pay, their businesses were burnt down.

Money laundering, hiding the illegal origin of money, is common – gangsters buy property with money from drugs. When they sell the property, the money becomes "legal". But banks now help by telling us when someone makes a large cash deposit.

40.1 Answer the questions using expressions from A and B opposite.

- 1 Two ferry companies with ferries on the same route secretly meet in order to decide the prices they will charge next summer. What are they guilty of?
- 2 A company that wants to keep its share price high makes secret payments to investors who buy its shares. What are the company and the investors guilty of?
- 3 A rich businessman lends \$1 million to a politician so that he can buy a house. The politician pays no interest on the loan and does not mention it when asked to give a complete account of his finances. Which word, used especially about politicians, do people use to talk about this?
- 4 Specialists in one department of a financial institution are advising Company X on a merger with another company. In another department of the financial institution, traders hear about this and buy large numbers of Company X's shares. What are they guilty of? (2 expressions) What should the financial institution do to prevent this?
- 5 A company selling weapons to a foreign government makes secret payments to politicians who make decisions on which companies to buy arms from. What could these payments be called? (4 expressions) What is the company and the government guilty of? (2 expressions)

40.2 Complete this table, using information from C opposite. The first row has been done for you. You may wish to refer to a dictionary.

Noun: crime	Noun: criminal	Verb: what the criminal does (He/She ...)	Noun: thing made or done in the crime	Related adjective
counterfeiting	counterfeiter	counterfeits	a counterfeit	counterfeit
	embezzler			
	faker	fakes	a	
			a forgery	
fraud	fraudster	defrauds	a	
	money launderer		--	--
		racketeers	--	--

Over to you

Which act of wrongdoing in this unit do you think is the most serious?

Which do you think is the least serious?

Is financial wrongdoing a 'victimless crime'?