

SCENARIO

DENTONS

NEDs in FS

ABC Bank is small UK bank offering a range of traditional banking products to retail customers in the UK. It has a staff of about 200 people and operates from a single office in London. It is regulated by the PRA and the FCA. Its relationship with the PRA has historically been good, its relationship with the FCA has been through the call centre with no direct point of contact. ABC bank is unlisted and majority owned by a PE firm, management own 20%. In recent years trading has been good, but not stellar.

The bank is run day to day by its CEO (Mark) and COO (Brian) who have a close relationship and have worked together for many years. Last year the CFO retired and a new CFO (Sally) started six months ago. The Board comprises a Chair (Fred) (who has been in post many years), Mark (CEO), Sally (CFO), Virginia (NED, Chair of Risk and SID), George (NED and Chair of Rem and Noms) and YOU (Chair of Audit Committee and NED with responsibility for Whistleblowing).

It's Saturday morning, you are having a quiet weekend and decide to check your emails. You find the following sent from a gmail account to your bank email:

Dear XYZ

Please excuse this email but I really don't know who else to turn to. I hold a senior position at ABC and have been employed here for nearly two years. Over the last few months I have grown increasingly concerned about a number of clients that have been introduced to the bank by Mark. I understand that many of these clients are personal friends of Mark's. A few of them appear to originate from Eastern Europe and I know that the Compliance Department has raised a few eyebrows but nevertheless they seem to get signed off. A number of these clients have been asking us to invest in specific stocks which they say have been "tipped" to them by Mark. When this was raised with Mark he simply said that the clients were important friends of his and it would be best if the bank followed their instructions. However, he also said that he had noticed how well some of the clients were doing and was thinking of linking my bonus to the performance of some of the bigger accounts. Incidentally, it appears that there might have been some strange price movements in some of these stocks recently. I have recently raised my concerns with Brian. Brian simply laughed and told me to "get on with your little job". Between them Mark and Brian have created a culture of fear within the bank. I have seen other colleagues raise other concerns and be bullied and then leave. Brian runs his department with an iron fist; he shouts at his team and has made racist and sexist comments about a number of members of staff. This is not a happy place and I think something dodgy is going on. It's not just me who is concerned. I represent a few other employees. I have loved working for ABC but the place has really changed and I don't know what to do but I fear for my job if I speak up.

Yours Anon