

Société Générale (A): The Rogue Trader

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Jérôme Kerviel & the company

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Who are they ?



Controversal Points

Shared Responsibility	The quality control at Société Générale
Debts about the ability of Jérôme Kerviel to carry out his duties as a trader.	Despite Kerviel's success in 2007, the bank's quality control was not sufficient to prevent the fraud.
Harvest of irregular activities and response to risks	Corporate Governance
Kerviel's activities were irregular and not in line with the bank's strategy. The bank's response was to investigate the fraud and to take disciplinary action against Kerviel.	Société Générale's corporate governance was not robust enough to prevent the fraud. The bank's response was to investigate the fraud and to take disciplinary action against Kerviel.



The consequences

For the Bank	For Jérôme Kerviel
Reputation damage and loss of confidence Financial loss of US\$7.24 billion Loss of market value of US\$10 billion Loss of market value of US\$10 billion	Loss of reputation Loss of market value of US\$10 billion Loss of market value of US\$10 billion Loss of market value of US\$10 billion

Conclusion

Today, the jurisdiction of Versaille will review the issue of the degree of responsibility of his superiors.

A new element from Nathalie Le Roy, ex financial brigade commander, could change the destiny of J. Kerviel. A recording shows some doubts about the issue of the case.

Soc. Gen. may be more implicated in this case than we think.



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Chronology of the Fraud



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Controversial Prints

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Soc Gen issues a statement saying it has uncovered a US\$7.14 billion fraud at the bank, the biggest loss ever recorded in the financial industry by a single trader.

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Jerome Kerviel
Born in the North West of France
He was recruited in 2000 by the
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He worked firstly in the "middle office"
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After 2005, he was engaged in the
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Type	Société Anonyme
Industry	Financial services
Founded	May 4, 1864; 151 years ago
Headquarters	Paris
Area served	Worldwide
Key people	Frédéric Oudiz (Chairman and CEO)
Products	Retail, private, investment and corporate banking, insurance, investment management
Revenue	€23.561 billion (2014) ^[1]
Operating income	€4.578 billion (2014) ^[1]
Profit	€2.682 billion (2014) ^[1]
Total assets	€1.208 trillion (2014) ^[1]
Total equity	€58.8 billion (2014) ^[1]
Number of employees	171,955 (average, 2013) ^[1]
Website	societegenerale.com

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Chronology of the Fraud



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2007:

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Société Générale junior trader Jerome Kerviel started building up large positions.

As his losses accumulated, he covered up his positions by hacking into the bank's risk management system.

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Jan. 18:

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A compliance officer notices a trade
that has breached one of the bank's
thresholds.