Banks

BofA suspends bankers following probe into Asian stock offerings

An internal investigation is examining whether executives tipped off certain investors of upcoming secondary offerings

Bank of America placed two bankers, including a senior member of its Indian investment banking operation, on leave on Tuesday © Spencer Platt/Getty Images

Stephen Gandel in New York and **Kaye Wiggins** in Hong Kong

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Bank of America has placed two bankers in India on administrative leave as part of an investigation into allegations of wrongdoing in the US financial giant's Asian investment bank, according to two sources familiar with the matter.

The internal investigation, which was launched earlier this year following a whistleblower complaint, is probing whether BofA and bankers in its Asian operations had tipped off certain investors of upcoming secondary offerings, allowing those investors to "front run" the stock sales and profit from nonpublic information.

A spokesperson for BofA declined to comment. The bank previously confirmed the existence of the internal probe, but at the time said it had found no evidence of misconduct. Neither banker has been fired, and could be reinstated following the investigation, according to the two sources.

The two bankers, one of whom is a senior member of BofA's Indian investment banking operation, were put on leave on Tuesday. They could not be reached for comment.

BofA's investigation, for which it has hired outside law firms, is examining whether bankers in its Asian operations sent messages or held meetings with hedge funds and others in advance of large secondary stock offerings on behalf of its corporate clients.

The investigation is looking at a number of deals but is focused on a March $200mn stock sale for the Sun Life life insurance subsidiary of Indian conglomerate Aditya Birla. The investigation is looking into whether the BofA bankers disclosed the upcoming offering and other nonpublic information related to it to certain investors.

Banks are required to disclose such meetings within one day of them being held to stock exchanges and all investors. A person with knowledge of the matter said BofA had discovered that the Indian bankers set up meetings with certain investors prior to the offerings and failed to disclose the meetings as required. They also did not adhere to a "cooling off" period as required by regulators and the bank, the person said.

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