Corporate week in review, September 22

September 21, 2018

A round-up of some of the week's most significant corporate events and news stories.

Danske Bank chief quits over scandal

> Thomas Borgen, Danske Bank's chief executive

Thomas Borgen, Danske Bank's chief executive, resigned this week over one of the largest money-laundering scandals ever uncovered.

Denmark's biggest lender acknowledged that about €200bn in questionable money flowed through its small Estonian branch where "a series of major deficiencies" in its control and governance system had left it vulnerable to illicit uses by tax shelters, shell companies and a handful of known criminals.

By the end of the week, the UK's National Crime Agency had opened an investigation into a UK entity with links to the branch.

Formula One seals $100m betting sponsorship deal

> F1's gambling deal comes at a time of growing concern about the influence of betting companies over sports groups © AP

Formula One sealed one of the biggest commercial moves in its history, with a deal for more than $100m to sell sponsorships to betting companies, signalling a shift for the sport under its new ownership.

Liberty Media, the group controlled by US billionaire John Malone that acquired the race car series in 2016 for $8bn, signed the contract with London-based marketing agency Interregional Sports Group, for global rights to gambling sponsorships in F1.

Bernie Ecclestone, who ran F1 for almost 40 years before Liberty's takeover, refused to accept endorsements from betting groups, believing they would tarnish the sport's glamorous image.

EU to probe Amazon's use of merchants' data

> Margrethe Vestager, the EU competition commissioner, announced the preliminary probe this week © FT montage / AP / Reuters

Amazon's business model has been questioned by Brussels after the European Commission launched an investigation into how the ecommerce group uses merchants' data.

Margrethe Vestager, the EU competition commissioner who has proved to be a formidable foe of the big US tech groups, said the preliminary probe focused on the online retailer's dual role as a competitor, but also host, to third-party merchants, which sell goods on Amazon's websites.

Last year, for the first time, more than half of all items sold on Amazon came from these third-party retailers.

DoJ opens Tesla investigation

© AP

The US Department of Justice opened an investigation into Tesla over chief executive Elon Musk's claim last month that he had secured funding to take the electric car company private.

The probe marks an escalation of the government's scrutiny of Mr Musk's statement after the Securities and Exchange Commission launched a separate civil investigation into Mr Musk's claims. Tesla is also facing multiple private lawsuits from investors.

Mr Musk shocked markets last month when he wrote on Twitter that he had "funding secured" to take Tesla private at $420 a share, sending its stock up as much as 8.5 per cent. He has since abandoned the take-private plan.

Deutsche Bank steps up plan to shift more London assets

© Reuters

Deutsche Bank stepped up plans to shift hundreds of billions of assets from London to Frankfurt after Brexit.

The German lender has come under increasing pressure from European regulators over the size and complexity of its UK operations and could eventually move about three-quarters of its estimated €600bn balance sheet back home.

Any transfer of the German bank's assets, equivalent to almost half the total held by European lenders in the UK, would be a big blow to the City of London, which has seen overseas banks move operations to mainland Europe amid the uncertainty of Britain leaving the EU.

Coca-Cola sniffs out cannabis market

The market excitement around cannabis is acute; even Coca-Cola is investing in research © Dreamstime

Coca-Cola is examining the market for cannabis-related products.

The world's largest beverage group said it was "closely watching" the cannabis drinks sector, which uses the non-psychoactive chemical in marijuana for wellness drinks.

Coca-Cola's interest in cannabis underlines how the company is accelerating efforts

under chief executive James Quincey to diversify away from traditional products although fizzy drinks still account for almost three-quarters of its sales.