

IMF Chief Christine Lagarde Found Guilty of Corruption, Won't Be Punished

By [Jeremiah Jones](#)

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Christine Lagarde, head of the International Monetary Fund (IMF), on Monday was found guilty of “negligence” for approving a massive government payout to business tycoon Bernard Tapie during her tenure as French finance minister.

“This should help calm all that they’re-only-in-it-for-themselves, anti-establishment feeling out there,” [quipped](#) Globe and Mail senior international correspondent Mark MacKinnon in response to the latest charge of government corruption.

Though Judge Martine Ract Madoux did not hand down a sentence for the managing director, the court said Lagarde “should have done more” to prevent the €405m (\$422m) payout, Bloomberg [reports](#).

Tapie, a close associate and financial backer of former French president Nicolas Sarkozy, was awarded the payout in 2008.

AFP [explains](#):

“An arbitration panel ordered the payout to Tapie in connection with his sale of sportswear company Adidas. The panel upheld Tapie’s claim that the Crédit Lyonnais bank had defrauded him by intentionally undervaluing Adidas at the time of the sale and that the state — as the bank’s principal shareholder—should compensate him.

“It was Lagarde who, in her role as French finance minister, ordered the case to be heard by an arbitration panel instead of proceeding through the regular courts.

“Critics say that Lagarde ensured Tapie received preferential treatment by referring the matter to arbitration as a quid pro quo for his financial support for Sarkozy during his 2007 presidential bid.”

Lagarde, who is traveling to Washington, D.C., was not present at Monday’s hearing in Paris, though she will likely appeal the decision. Reuters [notes](#) that the ruling could potentially trigger “a new leadership crisis at the International Monetary Fund after Lagarde’s predecessor Dominique Strauss Khan resigned in 2011 over a sex assault scandal.”

What’s more, the trial and surprise conviction will likely “reviv[e] concerns in France about high-level corruption,” the New York Times [notes](#), “shining a spotlight on intimate ties between politicians and business people, and on the large sums that are sometimes used to grease the country’s political wheels.”

As many noted, Lagarde's conviction capped off a year of intense [political upheaval](#) and [establishment backlash](#) across the globe.

GR Editor's Note: Dominique Strauss Khan was framed in 2011. Lagarde was appointed to the position of Managing Director of the IMF (replacing Strauss Khan) a few days prior to a New York Court ruling which completely exonerated Dominique Strauss Khan on the basis of lack of evidence.

While Strauss Khan was dismissed following the 2011 scandal (despite the ruling of the New York court case which abandoned all charges against him) the financial scam involving Christine Lagarde was known to the French government. This however did not prevent her appointment to the IMF. Needless to say, she retains her position at the IMF despite having been involved in a financial scam.

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