



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

COMPL 1000368

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made by and between the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Crédit Agricole Corporate and Investment Bank (CA-CIB).

I. PARTIES

1. OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, international narcotics traffickers, and persons engaged in activities related to the proliferation of weapons of mass destruction, among others. OFAC acts under Presidential national emergency authorities, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction.
2. CA-CIB is headquartered in Paris, organized under the laws of France, and is the corporate and investment banking arm of Crédit Agricole S.A. (CASA).

II. FACTUAL STATEMENT

3. For a number of years, up to and including 2008, CA-CIB (formerly known as Calyon) and certain of its predecessor banks, and CA-CIB's subsidiary located in Switzerland, Crédit Agricole (Suisse) S.A., and its predecessors — including Crédit Lyonnais (Suisse) S.A., and Crédit Agricole Indosuez (Suisse) S.A. — processed thousands of transactions to or through U.S. financial institutions that involved countries and/or persons (individuals and entities) subject to the sanctions regulations administered by OFAC. Personnel (including managers) from various business units within these CA-CIB entities were aware of U.S. economic sanctions programs and understood that U.S. financial institutions were required to block or reject transactions involving an OFAC-sanctioned country or person. Despite this knowledge, the above-referenced banks used cover payments and/or implemented special payment practices in a manner that omitted references to U.S.-sanctioned parties in U.S. Dollar (USD) Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment messages sent to the United States, thereby preventing U.S. financial institutions from appropriately reviewing and analyzing the transactions for compliance with OFAC regulations.

A. Crédit Lyonnais (Suisse) S.A.

4. In June 2003, CASA purchased Crédit Lyonnais, a bank headquartered in France with a subsidiary operating in Switzerland known as Crédit Lyonnais (Suisse) S.A. ("CLS"). Between 2003 and March 2005 — the date in which CLS merged with a CA-CIB subsidiary in Switzerland known as Crédit Agricole Indosuez (Suisse) S.A. to form Crédit Agricole (Suisse) S.A. — CLS processed thousands of transactions to or through the United States in apparent violation of the Sudanese Sanctions Regulations (SSR). Beginning as early as 2003, CLS maintained correspondent accounts for, and processed USD transactions on behalf of, 11

Sudanese banks — including five banks identified by OFAC as being owned or controlled by the Government of Sudan, and one bank that was majority-owned by a Specially Designated National (SDN) and therefore automatically blocked by operation of law. These Sudanese institutional clients constituted the majority of CLS's correspondent banking business from the beginning of the review period in 2003 until CLS's merger with Crédit Agricole Indosuez (Suisse) S.A. in 2005.

5. On November 3, 1997, President Clinton signed Executive Order 13067, "Blocking Sudanese Government Property and Prohibiting Transactions With Sudan" (E.O. 13067). Following the issuance of E.O. 13067, CLS became aware of, and took several steps in response to, the sanctions imposed against Sudan. For example, on November 9, 1997, one of CLS's Sudanese institutional clients sent a Telex message to all of its correspondents (including CLS) informing the banks of the sanctions imposed against Sudan and requested its correspondents "not to [] channel such transactions by intermediation of any U.S.A. bank, including banks domiciled in the U.S.A. territory, U.S.A. banks overseas branches and subsidiaries [or the] [a]ffiliates of [a] U.S.A. bank incorporated outside the United States." A handwritten note on the Telex message — written by a CLS Senior Commercial Bank Manager ("Employee 1") — stated that the instructions contained in the message were to be relayed to CLS departments and applied to all Sudanese banks.

6. A few days later, on November 11, 1997, Employee 1 sent an internal memorandum to a CLS operations analyst with the following instructions: "Please add Sudan to the list of countries under U.S. embargo where the embargo took effect on November 5, 1997 and distribute [an updated version of the attached] memorandum...." The memorandum attached an internal note that contained the following instructions for payments involving "countries under U.S. embargo," which included Cuba, Iran, and Sudan:

All transfer transactions, FOREX/TREASURY and/or documentary transactions are subject to the embargo. All funds in USD in transit to US banks, referring to governmental and non-governmental entities, as well as individuals residing in the above-mentioned countries are legally blocked. Sanctions being currently in effect, it is strictly **prohibited** [emphasis original] to pass by a U.S. correspondent, or by [Credit Lyonnais] New York.

7. On November 13, 1997, a CLS Senior Commercial Bank Manager (Employee 1), a CLS Senior Legal Manager, and a CLS Legal Manager ("Employee 38") received a telex message from Crédit Lyonnais's New York branch which stated: "Kindly be advised that all payments to Sudanese entities or persons are subject to be blocked in accordance with OFAC regulations...." On November 18, 1997, Crédit Lyonnais's Head Office sent a message to a CLS Senior Front Office Manager and Employee 1 with instructions related to transactions involving Sudan. "Following United States Sanctions (Office of Foreign Assets Controls), against Sudan, it is compulsory, until further instructions, not to execute none [sic] of our customer's payment orders towards the United States, in favor of Sudanese banks or/and others Sudanese companies."

8. Personnel and management in various components of CLS had actual knowledge of the sanctions regulations administered by OFAC, and that U.S. financial institutions were required to block or reject transactions that involved an OFAC-sanctioned country or person. For example, in a January 10, 2002 email between Employee 1 and a separate CLS Senior Commercial Bank Manager ("Employee 36"), a CLS Senior Back Office Manager ("Employee 47"), a CLS Trade Finance Manager, a Senior Back Office Manager/Credit Desk, and a CLS Legal Manager (Employee 38) regarding the potential repercussions of U.S. banks freezing transactions on behalf of their clients due to OFAC sanctions, a Senior Commercial Bank Manager stated:

With U.S. OFAC legislation being very strict on the matter, a reimbursement clause on a U.S. bank shall not be accepted in these cases, because even if, first we would be credited and after the fact the U.S. bank, having discovered the overall conditions of the transactions, following its awareness of new elements, requests us to return the funds, we would have to oblige if we want to avoid annoying disturbances, and, without a doubt, the funds will be blocked within the framework of the OFAC (Office of Foreign Assets Control) legislation set forth above.

9. CLS utilized multiple transaction types and/or payment practices throughout the review period in order to process transactions to or through the United States that were for or on behalf of its Sudanese institutional clients, including: (i) customer transfers; (ii) bank-to-bank transactions utilizing one outbound SWIFT MT202 cover payment; and (iii) bank-to-bank transactions utilizing two outbound SWIFT MT202 cover payments.

10. A majority of the Sudanese-related transactions CLS processed were customer transfers made on behalf of its Sudanese correspondent banks' clients. In general, CLS received payment instructions in the form of a SWIFT MT103 payment message requesting that CLS debit the Sudanese bank's USD account on CLS's books and credit the account of a third-country beneficiary at a non-U.S. financial institution. The overwhelming majority of the incoming SWIFT MT103 payment messages during the review period (approximately 94%) from the Sudanese banks to CLS included instructions to not mention the name of Sudan or any Sudanese parties in the cover payment messages sent to the United States. For example, on June 5, 2004, a Sudanese bank located in Khartoum, Sudan sent CLS a SWIFT MT103 payment message and noted:

DON'T MENTION SUDAN ON THIS PAYMENT ORDER. PLS SEND DIRECT TO BENEF. BANK. DON'T MENTION BANK NAME ON COVER PAYMENT. DEBITING OUR USD A/C IN YR BOOKS.

Subsequent to receiving the incoming SWIFT MT103 message, CLS would send a SWIFT MT202 payment message to a U.S. clearing bank without including the name of the originating Sudanese financial institution and/or customer.

11. CLS also processed hundreds of bank-to-bank transactions to or through the United States on behalf of its Sudanese institutional clients by using a single SWIFT MT202 cover payment or by using two SWIFT MT202 cover payments. CLS processed 116 bank-to-bank

transactions between 2003 and 2005 using a single SWIFT MT202 cover payment. In general, upon receipt of an incoming SWIFT MT202 message from one of its Sudanese institutional clients directing CLS to debit the Sudanese bank's USD account on CLS's books and credit USD to a non-U.S. financial institution, CLS generated an outgoing SWIFT MT202 message destined for a U.S. clearing bank. In all but two of the 116 transactions identified during the review period for this category of transactions, CLS did not include the name, SWIFT Bank Identifier Code, or any other identifying information for the originating Sudanese bank in the originator bank field (SWIFT field 52) in the outbound payment messages sent to the United States. There were two transactions that CLS processed that listed the name of the originating Sudanese bank in the outgoing SWIFT MT202 message sent to the United States. Although U.S. financial institutions rejected both of the transactions in accordance with U.S. sanctions law, CLS re-submitted the payments to the same U.S. clearing bank after CLS removed the name and/or reference to the Sudanese bank in the originator bank field (SWIFT field 52) of the payment message. In contrast, CLS included the name of the originating financial institution in 79 of the 85 bank-to-bank transactions it processed during the review period on behalf of its non-sanctioned institutional clients using a single SWIFT MT202 cover payment.

12. CLS processed the remaining 583 bank-to-bank transactions using two SWIFT MT202 cover payments. In practice, CLS received an incoming SWIFT MT202 message from a Sudanese institutional client instructing CLS to debit the Sudanese bank's USD account on CLS's books and pay USD to a non-U.S., beneficiary financial institution. Subsequent to receiving these instructions, CLS prepared two outgoing SWIFT MT202 payment messages—one message destined for the U.S. clearing bank that did not reference or identify the Sudanese originating bank, and one message destined for the beneficiary financial institution that did reference the Sudanese bank. During the period of apparent violations by CLS, CLS processed approximately 83% of all Sudanese bank-to-bank transactions with two SWIFT MT202 cover payments, whereas it processed only 11% of its non-sanctioned institutional clients' transactions with two SWIFT MT202 cover payments.

13. Between 2002 and 2004 various CLS personnel received information suggesting that transactions the bank processed through the United States on behalf of its Sudanese clients were in contravention of U.S. sanctions requirements and Crédit Lyonnais's internal policy. For example, on July 16, 2002, Crédit Lyonnais's Head Office emailed CLS a chart outlining the list of countries under embargo and the various United Nations, European, and OFAC restrictions that applied. The list included Sudan as a country subject to U.S. sanctions and noted "no financial transaction is authorized." Separately, in an email dated October 2, 2003, a Vice President and Compliance Officer at Crédit Lyonnais Americas in New York advised various personnel at CLS that transactions processed to or through the United States were subject to the sanctions regulations administered by OFAC: "[U.S.] financial institutions must monitor all financial transactions performed *by* or *through* [emphasis original] them to detect those that involve any entity or person subject to the OFAC laws and regulations." In January 2004, a Compliance employee in CLS emailed a Compliance employee in Crédit Lyonnais Paris requesting an update to the July 2002 chart, to which the Crédit Lyonnais Paris Compliance employee confirmed that there had been no update since the previous communication. Lastly, in 2004, a CLS Senior Back Office Manager at CLS emailed a different CLS Senior Back Office Manager (Employee 47) and another employee informing them that the bank was preparing to

install a software filtering tool in order to “ensure that [CLS is] not paying clients featured on the American or European lists.” Although the Senior Back Office Manager stated that when processing transactions on behalf of another bank, the originating bank field of outgoing SWIFT payment messages must be populated to show clearly that the originator of the transaction was not a customer of CLS in SWIFT MT103 payments, he/she noted: “This rule is to be applied immediately, the only exception is when a risk of embargo is possible (e.g. payment via debiting from account with [Sudanese Bank 2], and payment to a U.S. bank, even one located in Europe, e.g. [U.S. Financial Institution] London).” Despite these warnings, CLS did not seek clarification or additional guidance regarding its interpretation of U.S. sanctions requirements and, instead, continued to omit or obfuscate the involvement of Sudanese parties in outgoing transactions sent to the United States.

B. CLS Merges with Crédit Agricole Indosuez (Suisse) S.A. in Switzerland

14. In April 2004 CASA transferred the corporate and investment banking activities of Crédit Lyonnais (including Crédit Lyonnais’s employees) to Crédit Agricole Indosuez (CAI), and CAI was renamed Calyon. CAI maintained a subsidiary in Switzerland known as Crédit Agricole Indosuez (Suisse) S.A. (“CAIS”). In March 2005 CLS merged with CAIS to create Crédit Agricole (Suisse) S.A. (“CAS”), which remains a CA-CIB subsidiary in Switzerland.

15. In May 2004, Crédit Lyonnais’s Head Office, upon discovering that CLS maintained a business relationship with a Sudanese bank, sent an email to a member of CAIS’s Senior Management and several others in which it stated: “Please note that this counterparty features on the list of banks prohibited by CALYON and we therefore are asking you to kindly terminate any relationship with [the Sudanese bank].” In response to the email which was forwarded to a different member of CAIS’s Senior Management (“Employee 37”), a CLS Senior Commercial Bank Manager (Employee 36), and others, a CLS Senior Commercial Bank Manager (Employee 1) stated the following:

We have had a commercial relationship with [the Sudanese bank], Khartoum, since its creation.... We are one of their principal correspondents in Switzerland (after [Foreign Financial Institution]).... Their considerable liquidity in our books (an average of 10 to 15 million CHF) provides considerable coverage for the commitments as well as for the commercial payments. The anticipated [net banking income] for 2004 is CHF 4 to 500,000.00 with [the Sudanese bank]. It is essential that this relationship be maintained with this bank, that we know very well, that we visit in Sudan and which visits us regularly, and whose employees have for many years now been trained by us on the business of letters of credit/transfers/forex.

16. In addition to Employee 1, Employee 36 (also a CLS Senior Commercial Bank Manager) expressed his disagreement with terminating business relationships with Sudanese parties in various emails and internal communications in June 2004. In an information memorandum addressed to a committee of the Board of Directors of CLS dated June 22, 2004, Employee 36 noted: “Calyon group indicated to us that we have to cease all relationships with [the Sudanese bank] and Sudan. We have appealed this decision (September 11 axis of evil) and thanks to the

support of our colleagues [including Employee 85 and Employee 37, both members of CAIS Senior Management] ... we think, at a minimum, that we will obtain a 12 month delay which is imperative to help us to leave this file without harm.”

17. CA-CIB appears to have maintained a group policy that prohibited its banks from engaging in business with Sudan and/or Sudanese banks. Throughout 2004, prior to the completion of the above-referenced merger, CLS continued to operate correspondent accounts for its Sudanese institutional clients. Based on meeting notes related to a discussion on December 16, 2004 which appear to relate to CLS’s Sudanese business, CLS stated “it has been agreed to close down the majority of the accounts, progressively and, if possible, before the merger [with CAIS] on March 19, 2005.” The meeting notes stipulated that some accounts would remain open, however. CAS closed all non-Swiss correspondent accounts shortly after the merger between CLS and CAIS in May 2005, and conducted its last U.S. dollar transactions related to the Sudanese correspondent accounts the same month.

C. CAIS and CAS

18. Prior to and following the merger with CLS, CAIS (and subsequently CAS) processed transactions to or through the United States in apparent violation of the SSR. Employees within both institutions — including those in the legal and compliance functions — did not believe they were subject to the sanctions programs administered by OFAC. However, certain employees at CAIS and CAS understood that payment messages processed through the United States that included sanctions-identifying information were at risk of being stopped by their U.S. clearers, which could result in payment delays, increased costs, and requests for information that could implicate Swiss banking secrecy. The Legal Department, which was responsible for sanctions compliance issues within CAIS until 2004, determined that CAIS was not subject to non-Swiss sanctions laws (including those administered by OFAC). While CAIS’s Legal Department received informal confirmation of its interpretation of U.S. sanctions laws from a regional banking association in 1996 and 2001, certain employees were aware of U.S. sanctions programs and understood that U.S. financial institutions were required to block or reject transactions involving an OFAC sanctioned country or party.

19. In 2004 CAIS transferred the primary responsibility for sanctions compliance to the Monitoring and Investigations Unit (“MOIN”). Although MOIN became the primary point of contact for all of CAIS’s business lines and operations units for sanctions-related matters, MOIN adopted CAIS’s pre-existing understanding regarding the inapplicability of U.S. sanctions laws to non-U.S. persons such as CAIS. As a result, while MOIN required CAIS to forward any and all transactions involving a country subject to Swiss, European Union, and U.S. sanctions to it for review, MOIN repeatedly approved Sudanese and other sanctions-related USD transactions that were subsequently processed to or through the United States.

20. MOIN typically received sanctions-related transactions for review through email. After receiving such a request, MOIN would generally take the following steps: (a) confirm the transaction complied with Swiss law and did not concern an SDN, (b) note that the transaction could be blocked or rejected by a U.S. clearer because it concerned a country subject to OFAC sanctions, (c) suggest the payment be made in another currency, and (d) emphasize the need to

make sure the outgoing payment message to the United States did not include any sanctions-identifying information (e.g., a reference to Sudan or Khartoum).

21. The practice of omitting or removing sanctions-identifying information in outbound USD payment messages appears to have spread to multiple business lines throughout the bank and was noted in a February 2, 2004 notice written by a CAIS Back Office Analyst:

Various payments of ours were stopped by the U.S. banks, because within the text body of our instructions (MT103 or 202), certain words such as Iraq, Iran, etc. were used, words which appear on the U.S. Banks [*sic*] automatic block list. Consequently, be vigilant and do not put too much detailed information in your payments, thus avoiding costly back values.

22. CAIS (and subsequently CAS) continued to receive numerous, albeit indirect, indications that its interpretation of U.S. sanctions laws was incorrect. For example, CA-CIB's New York branch blocked or rejected a number of transactions originated by CAS for processing and provided CAS with additional information regarding U.S. sanctions, informed the Head Office of such issues and suggested additional sanctions-related training. Later, on December 1, 2005, a Compliance employee from CA-CIB's Head Office in Paris distributed a memorandum describing the group's policy with regard to Iran. The memorandum included statements suggesting that CAS's understanding of U.S. sanctions was incorrect, including: "Iran is subject to an embargo from OFAC (Office of Foreign Assets Control) of the U.S. Treasury Department. This embargo is applicable directly to all 'US persons' and indirectly to all transactions denominated in USD even when performed out of the United States." Despite receiving these warnings, CAS did not seek clarification from either its Head Office or its New York branch regarding the applicability of OFAC sanctions to CAS.

23. In November 2006, a U.S. financial institution rejected a funds transfer originated by CAS and processed through CA-CIB New York after it determined the goods associated with the underlying transaction were scheduled to be delivered to Port Sudan, Sudan. Neither the SWIFT MT103 payment message nor the SWIFT MT202 cover payment message CAS executed included a reference to Sudan. CA-CIB's Head Office became aware of the rejected transaction and subsequently informed CAS that it needed to focus on the underlying economic purpose of transactions and that Sudanese transactions should not be structured in the same manner as "U-turn" transactions for Iran. Although a CAS Senior Financial Security Officer initially told the Head Office that he believed its interpretation was incorrect, CAS changed its internal policy with regard to Sudan in January 2007, including disallowing any direct or indirect USD commercial transactions involving Sudan, designating Sudan as a prohibited country in its internal payment system, seeking advice from the bank's Head Office Compliance department for Sudanese-related transactions, and refusing to approve transactions it believed were inconsistent with its new understanding. Despite these changes, MOIN continued to authorize two types of transactions it determined (in consultation with the bank's Head Office Compliance) were authorized and that constituted apparent violations of U.S. sanctions against Sudan: transactions involving the re-sale of Sudanese-origin agricultural goods, or transactions involving the transit of non-Sudanese-origin goods through Sudan.

D. Other CA-CIB Locations

24. While most of the apparent violations involved CA-CIB's subsidiary located in Switzerland and its predecessors, apparent violations of the Cuban Assets Control Regulations (CACR), the Burmese Sanctions Regulations (BSR), the SSR, and the Iranian Transactions and Sanctions Regulations (ITSR)¹ were identified at CA-CIB branches in Paris, London, Hong Kong, Singapore, and the Gulf (Dubai and Bahrain). In contrast to the Sudanese-related transactions processed by CLS, CAIS, and CAS, the apparent violations processed by locations outside of Switzerland do not appear to have been the result of a specific unit within these banks. Nonetheless, despite the group sanctions policies employed by the bank, these CA-CIB locations processed USD transactions to or through U.S. financial institutions by using cover payments. This process, in addition to frequent instructions by CA-CIB personnel to not mention the names of OFAC-sanctioned persons or countries, resulted in the bank processing transactions in a non-transparent manner and, as a result, prevented U.S. intermediary banks from appropriately reviewing the payments for compliance with OFAC regulations. Although CA-CIB appears to have maintained a group policy addressing transactions involving sanctioned countries, CA-CIB repeatedly misinterpreted OFAC's regulations and, as a result, incorrectly determined that several transactions were authorized or permissible (when, in fact, they were prohibited). These factors appear to have been compounded by a general lack of controls or oversight by the Financial Security department within CASA (which was created in 2004 in order to develop internal controls pertaining to anti-money laundering, terrorist financing, and sanctions) and CA-CIB.

25. Crédit Lyonnais maintained a policy dating back to 2002 to utilize cover payments for outgoing USD Iranian-related transactions. In June 2002, Crédit Lyonnais New York sent an inquiry to Crédit Lyonnais Paris in relation to an outgoing transaction the latter had originated that referenced the ordering party as "one of our customers." Crédit Lyonnais Paris's Head Office Financial Security subsequently identified the originator as an Iranian party and sought legal guidance from external counsel. The bank noted that its external counsel drafted a legal memorandum in October 2002 regarding U.S. sanctions laws, including the U-turn rule. Thereafter, Crédit Lyonnais' Financial Security department determined that cover payments were part-and-parcel of the U-turn rule and Crédit Lyonnais used cover payments to process U-turns involving Iranian corporate entities. This informal policy was maintained by CA-CIB Financial Security after the merger, as the unit was largely comprised of the former compliance personnel from Crédit Lyonnais Paris. As a result, throughout the review period, CA-CIB would generally process outgoing USD payments on behalf of its Iranian clients by generating a SWIFT MT103 payment message destined for the non-U.S. beneficiary financial institution with complete information related to the transaction's parties, and a SWIFT MT202 cover payment destined for the intermediary U.S. financial institution that did not include the names of any Iranian banks and/or persons.

¹ On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the ITSR, amended the renamed ITSR, and reissued them in their entirety. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). For the sake of clarity, all references herein to the ITSR shall mean the regulations in 31 C.F.R. part 560 in effect at the time of the activity, regardless of whether such activity occurred before or after the regulations were reissued.

26. Prior to the merger between Crédit Lyonnais and CAI, CAI Paris's branch processed Iranian-related capital market transactions (i.e., treasury and foreign exchange transactions) with direct SWIFT MT202s with the account number of the Iranian bank listed in Field 72. The Paris system would send a SWIFT MT210 (Notice to Receive) message to the U.S. clearing bank which included the SWIFT BIC of the Iranian bank. Following the merger, the bank's Capital Markets unit requested guidance from Head Office Financial Security regarding these types of transactions. In response, the Head Office Financial Security instructed the Capital Markets unit to begin processing its transactions by using cover payments in the same manner described above (i.e., using an outgoing SWIFT MT103 and SWIFT MT202). Although the Capital Markets unit questioned these instructions, the Financial Security department confirmed its instruction, indicating that the use of cover payments for Iranian transactions was supported by the October 2002 legal memo received by external counsel.

27. The practice of utilizing cover payments for Iranian-related payments was not officially adopted as policy until late 2005, in or around the time at which various U.S. regulatory authorities were preparing to announce a settlement with ABN AMRO in response to its violations of U.S. economic sanctions (including several related to Iran). The policy adopted by CA-CIB emphasized that "no mention of Iran" should be "made on the [SWIFT MT202 cover payment.]" The overwhelming majority of the Iranian-related transactions that CA-CIB processed through the United States during the review period appear to have been authorized by the U-turn general license. Sixteen transactions did not meet the terms of the U-turn general license and constituted apparent violations of the ITSR.

28. The majority of the apparent violations of the BSR involved transactions originated by CA-CIB's Hong Kong or Singapore branches. Although the bank was generally aware of the Burmese interest in the payments—either due to the involvement of a Burmese person (individual or entity), goods, or activity undertaken in Burma—the financial institution repeatedly authorized the transactions due to a lack of understanding of the prohibitions contained in the BSR. For example, CA-CIB Hong Kong processed 20 outgoing USD transactions that involved activities in Burma of non-Burmese companies. The transactions were escalated to the bank's Head Office Financial Security, which approved the transactions because none of the counterparties was Burmese or an SDN. An email from a member of CA-CIB's Compliance unit to Head Office Financial Security was identified stating that the payment message routed through the United States would not mention Burma.

29. The apparent violations of the CACR involved multiple CA-CIB locations and often resulted from omitting information or references to Cuba or Cuban parties, misinterpreting OFAC's regulations, or, in one instance, due to a systemic issue with one of the branch's payment systems. For example, CA-CIB Paris made a series of recurring payments to a non-sanctioned risk participant at its bank account in the United States. These payments related to a sugar-for-oil barter trade finance deal entered into between a predecessor entity of Calyon Bahrain and a Cuban entity owned by the Cuban government. Front office personnel at CA-CIB Paris requested that the payment messages sent to or through the United States not mention Cuba to prevent funds from being attached by creditors of Cuba. At least one employee speculated that the front office's request was in relation to OFAC sanctions. In a few instances, members of

CA-CIB Hong Kong's Compliance and Head Office Financial Security discussed that the payment messages sent to the United States should not contain references to Cuba.

30. From on or about August 6, 2003 to on or about September 16, 2008, CA-CIB, including its subsidiaries and their predecessors, processed 4,055 electronic funds transfers in the aggregate amount of \$337,042,846 to or through financial institutions located in the United States in apparent violation of the prohibitions against (i) the exportation or reexportation of services from the United States to Sudan, 31 C.F.R. § 538.205; and/or (ii) dealing in property and interests in property of the Government of Sudan that "come within the United States," 31 C.F.R. § 538.201. Of the 4,055 electronic funds transfers, 4,024 electronic funds transfers totaling \$317,241,069 were processed by CAS or its predecessors, in particular by CLS.

31. From January 2004 to on or about June 16, 2008, CA-CIB, including its subsidiaries and their predecessors, processed 173 electronic funds transfers in the aggregate amount of \$97,195,314 to or through financial institutions located in the United States in apparent violation of the prohibition on dealing in property in which Cuba or a Cuban national has an interest, 31 C.F.R. § 515.201.

32. From on or about August 15, 2003 to on or about October 20, 2008, CA-CIB, including its subsidiaries and their predecessors, processed 53 electronic funds transfers in the aggregate amount of \$7,238,281 to or through financial institutions located in the United States in apparent violation of the prohibition against the exportation or reexportation of financial services to Burma from the United States, 31 C.F.R. § 537.202.

33. From October 2003 to December 2006, CA-CIB, including its subsidiaries and their predecessors, processed 16 electronic funds transfers in the aggregate amount of \$397,453 to or through financial institutions located in the United States in apparent violation of the prohibition against the exportation or reexportation of services from the United States to Iran, 31 C.F.R. § 560.204.

34. The apparent violations described in paragraphs 30-33, *supra*, were not voluntarily self-disclosed to OFAC within the meaning of OFAC's Economic Sanctions Enforcement Guidelines. *See* 31 C.F.R. part 501, app A.

35. The bank has taken global remedial action designed to strengthen its program through enhancements to information technology, training, and updates to policies and procedures. These measures include doubling the number of compliance and know your customer personnel, and creating a Risk Management Group that is responsible for tracking sanctions rules and regulations in order to assess the need to update the bank's policy and governance procedures. CA-CIB strengthened its procedures in order to address the escalation of high risk customer files and transactions to the Financial Security Unit. The bank has required that all employees participate in sanctions training and has provided detailed sanctions training to the Legal, Financial Security, and Internal Audit groups, relationship managers, local compliance officers, U.S. Persons and other employees in various branches and subsidiaries. In addition to CA-CIB, in 2013, CASA appointed a Global Head of Sanctions responsible for monitoring regulatory updates with the Legal department, preparing CASA Group policies, preparing and providing

training to Group employees, and advising on the settings of the Group filtering tool in conjunction with the systems compliance units. Sanctions compliance is addressed at the management and Board of Directors level.

36. CA-CIB provided substantial cooperation to OFAC by expending a significant amount of resources to conduct an extensive internal investigation and transaction review of payments processed between 2003 and 2008 by the bank's offices in France, the United Kingdom, Singapore, Switzerland, the Gulf (Dubai and Bahrain), and Hong Kong. CA-CIB also responded to multiple inquiries and requests for information, executed a statute of limitations tolling agreement and signed multiple extensions to the agreement.

37. OFAC has not issued a penalty notice or Finding of Violation to CA-CIB in the five years preceding the earliest date of the transactions giving rise to the apparent violations.

III. TERMS OF SETTLEMENT

IT IS HEREBY AGREED by OFAC and CA-CIB that:

38. CA-CIB has terminated the conduct outlined in paragraphs 3 through 29 above and CA-CIB has established, and agrees to maintain, policies and procedures that prohibit, and are designed to minimize the risk of the recurrence of, similar conduct in the future.

39. CA-CIB agrees to provide OFAC with copies of all submissions to the Board of Governors of the Federal Reserve System (the "Board of Governors") in the same form provided to the Board of Governors pursuant to the "Order to Cease and Desist Issued upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended," to CA-CIB on ___, by the Board of Governors (Docket No. 15-028-B-FB) relating to the OFAC compliance review, subject to receiving the required approvals and consents from the Board of Governors. It is understood that the Autorité de Contrôle Prudentiel et de Résolution, as CA-CIB's home country supervisor for conduct issues, is assisting the Board of Governors in the supervision of its Order.

40. Without this Agreement constituting an admission or denial by CA-CIB of any allegation made or implied by OFAC in connection with this matter, and solely for the purpose of settling this matter without a final agency finding that violations have occurred, CA-CIB agrees to a settlement in the amount of \$329,593,585 arising out of the apparent violations by CA-CIB of the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Trading With the Enemy Act, 50 U.S.C. App. §§ 1-44, and the Regulations described in paragraphs 30-33 of this Agreement. CA-CIB's obligation to pay OFAC such settlement amount shall be deemed satisfied by its payment of a greater or equal amount in satisfaction of penalties assessed by U.S. federal, state, or county officials arising out of the same pattern of conduct.

41. Should OFAC determine, in the reasonable exercise of its discretion, that CA-CIB has willfully and materially breached its obligations under paragraphs 38 to 40 of this Agreement, OFAC shall provide written notice to CA-CIB of the alleged breach and provide CA-CIB with 30 days from the date of CA-CIB's receipt of such notice, or longer as determined by OFAC, to demonstrate that no willful and material breach has occurred or that any breach has been cured.

In the event that OFAC determines that a willful and material breach of this Agreement has occurred, OFAC will provide notice to CA-CIB of its determination, and this Agreement shall be null and void, and the statute of limitations applying to activity occurring on or after August 6, 2003 shall be deemed tolled until a date 180 days following CA-CIB's receipt of notice of OFAC's determination that a breach of this Agreement has occurred.

42. OFAC agrees that, as of the date that CA-CIB satisfies the obligations set forth in paragraphs 38 to 40 above, OFAC will release and forever discharge CA-CIB and its subsidiaries from any and all civil liability under the legal authorities that OFAC administers, in connection with the apparent violations described in paragraphs 30-33 of this Agreement.

43. CA-CIB waives any claim by or on behalf of CA-CIB, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, and/or its officials and employees arising out of the facts giving rise to this Agreement, including but not limited to OFAC's investigation of the apparent violations and any possible legal objection to this Agreement at any future date.

IV. MISCELLANEOUS PROVISIONS

44. Except for any apparent violations arising from or related to the conduct described in paragraphs 30 through 33 above or disclosed to OFAC during the course of this investigation, the provisions of this Agreement shall not bar, estop, or otherwise prevent OFAC from taking any other action affecting CA-CIB with respect to any and all matters, including but not limited to any violations or apparent violations occurring after the dates of the conduct described herein. The provisions of this Agreement shall not bar, estop, or otherwise prevent other U.S. federal, state, or county officials from taking any other action affecting CA-CIB.

45. Each provision of this Agreement shall remain effective and enforceable according to the laws of the United States of America until stayed, modified, terminated, or suspended by OFAC.

46. No amendment to the provisions of this Agreement shall be effective unless executed in writing and agreed to by both OFAC and by CA-CIB.

47. The provisions of this Agreement shall be binding on CA-CIB and its successors and assigns. To the extent CA-CIB's compliance with this Agreement requires it, CA-CIB agrees to use best efforts to ensure that all entities within CA-CIB comply with the requirements and obligations set forth in this Agreement, to the full extent permissible under locally applicable laws and regulations, and the instructions of local regulatory agencies.

48. No representations, either oral or written, except those provisions as set forth herein, were made to induce any of the parties to agree to the provisions as set forth herein.

49. This Agreement consists of 13 pages and expresses the complete understanding of OFAC and CA-CIB regarding resolution of the apparent violations arising from or related to the apparent violations described in paragraphs 30 through 33 above. No other agreements, oral or written, exist between OFAC and CA-CIB regarding resolution of this matter.

50. OFAC, in its sole discretion, may post on OFAC's Web site this entire Agreement or the facts set forth in paragraphs 3 through 29 of this Agreement, including the identity of any entity involved, the satisfied settlement amount, and a brief description of the apparent violations. OFAC also may in its sole discretion issue a press release including this information, and any other information it deems appropriate.

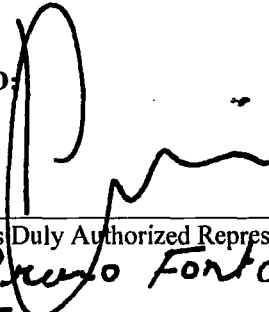
51. Use of facsimile signatures shall not delay the approval and implementation of the terms of this Agreement. In the event any party to this Agreement provides a facsimile signature, the party shall substitute the facsimile with an original signature. The Agreement may be signed in multiple counterparts, which together shall constitute the Agreement. The effective date of the Agreement shall be the latest date of execution.


All communications regarding this Agreement shall be addressed to:

CA-CIB
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
Dept 92
France

Office of Foreign Assets Control
U.S. Department of the Treasury
Attn: Sanctions Compliance & Evaluation
1500 Pennsylvania Avenue, NW
Washington, DC 20220

AGREED:


CA-CIB's Duly Authorized Representative
Bruno Fontcari
General Counsel
Title of Duly Authorized Representative


John E. Smith
Acting Director
Office of Foreign Assets Control

DATED:

10/15/2015

DATED:

10/19/15