

ENFORCEMENT INFORMATION FOR APRIL 9, 2019

Information concerning the civil penalties process can be found in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. Part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. Part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at <http://www.treasury.gov/ofac/enforcement>.

ENTITIES – 31 CFR 501.805(d)(1)(i)

Standard Chartered Bank Settles Potential Civil Liability for Apparent Violations of Multiple Sanctions Programs: Standard Chartered Bank (“SCB” or the “Bank”), a financial institution headquartered in the United Kingdom, has agreed to settle potential civil liability for apparent violations of the now-repealed Burmese Sanctions Regulations (BSR); the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (CACR); the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR)¹; the now-repealed Sudanese Sanctions Regulations; and the Syrian Sanctions Regulations, 31 C.F.R. Part 542 (SySR), or Executive Order 13582 of August 17, 2011, “Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria” (E.O. 13582)² (collectively, the “Global Settlement Apparent Violations”). SCB’s settlement with OFAC is part of a global settlement among SCB, OFAC, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the U.S. Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section, the U.S. Attorney’s Office for the District of Columbia, the New York County District Attorney’s Office, the New York State Department of Financial Services, and the United Kingdom’s Financial Conduct Authority. In addition, SCB has agreed to settle potential civil liability with OFAC for apparent violations of the Zimbabwe Sanctions Regulations, 31 C.F.R. Part 541 (ZSR) (the “Zimbabwe-Related Apparent Violations”).

Global Settlement

The Bank agreed to settle with OFAC its civil liability related to the Global Settlement Apparent Violations for \$639,023,750. The Bank’s obligation to pay OFAC such settlement amount was

¹ On October 22, 2012, OFAC changed the title of 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 renamed.

² On May 2, 2014, OFAC amended the SySR and reissued them in their entirety in order to implement various Executive orders, including E.O. 13582. See 79 Fed. Reg. 25,414 (May 2, 2014).

deemed satisfied up to an equal amount by payments in satisfaction of penalties assessed by U.S. federal agencies arising out of the same patterns of conduct during the same time periods.

OFAC determined that SCB did not voluntarily self-disclose the Global Settlement Apparent Violations and that the Global Settlement Apparent Violations constitute an egregious case. The total base penalty amount for the Global Settlement Apparent Violations is \$2,715,100,479.

From June 2009 until June 2014, SCB processed 9,335 transactions totaling \$437,553,380 that were processed to or through the United States. All of these transactions involved persons or countries subject to comprehensive sanctions programs administered by OFAC. The majority of the conduct concerns Iran-related accounts maintained by SCB's Dubai, UAE branches ("SCB Dubai"), including accounts at SCB Dubai held for a number of general trading companies, and a petrochemical company. SCB Dubai processed USD transactions to or through SCB's branch office in New York ("SCB NY") or other U.S. financial institutions on behalf of customers that sent payment instructions to SCB Dubai while physically located and/or ordinarily resident in Iran.

For more information regarding the conduct that led to the Global Settlement Apparent Violations, please see the Settlement Agreement between OFAC and SCB [here](#).

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors Affecting Administrative Action under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. Part 501, app. A. OFAC found the following to be aggravating factors:

- At a minimum, SCB acted with reckless disregard and failed to exercise a minimal degree of caution or care with regard to the conduct that led to the Global Settlement Apparent Violations;
- SCB had actual knowledge and/or reason to know of the conduct at issue, and various supervisory and managerial personnel from multiple business lines, often including those with responsibility for financial crimes and sanctions compliance, were involved in discussions regarding specific customers or products and services that posed OFAC sanctions risks;
- The Global Settlement Apparent Violations resulted in significant harm to multiple economic sanctions programs, and provided dozens of companies subject to U.S. economic sanctions access to the U.S. financial system;
- SCB's compliance program was inadequate to manage the bank's risk and suffered from multiple systemic deficiencies, including failure to respond to warning signs in a timely and efficient manner; and
- SCB is a large, commercially sophisticated financial institution.

OFAC found the following to be mitigating factors:

- SCB provided OFAC with substantial cooperation throughout the course of its investigation, including by signing a tolling agreement and multiple extensions to the agreement, and submitting detailed, well-organized, and voluminous information and documents to OFAC throughout the course of the multi-year investigation;
- SCB has undertaken remedial efforts in order to curtail and inhibit similar apparent violations from occurring in the future;
- A small number of the Syria-related transactions occurred shortly after Executive Order 13582; and
- SCB had not received a penalty notice or Finding of Violation in the five years preceding the earliest date of the transactions giving rise to the Global Settlement Apparent Violations.

Apparent Violations of the ZSR

Separately, SCB has agreed to remit \$18,016,283 to settle its potential civil liability for the Zimbabwe-Related Apparent Violations.

All of the transactions giving rise to the Zimbabwe-Related Apparent Violations involved persons identified on OFAC's List of Specially Designated Nationals and Blocked Persons (the "SDN List") or parties that were owned 50 percent or more, directly or indirectly, by persons on the SDN List at the time the transactions occurred. The designated and/or blocked persons maintained account relationships with SCB's affiliate in Zimbabwe ("SCBZ"), and engaged in funds transfer or debit/credit card transactions whose net settlement transfers were sent to, and processed by SCB NY or other U.S. financial institutions. SCB NY processed 1,795 transactions totaling \$76,795,414, for or on behalf, or that otherwise contained a property interest, of those sanctioned entities.

OFAC determined that SCB voluntarily self-disclosed the Zimbabwe-Related Apparent Violations and that the Zimbabwe-Related Apparent Violations constitute a non-egregious case. The total base penalty amount for the Zimbabwe-Related Apparent Violations is \$26,690,789.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors Affecting Administrative Action under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. Part 501, app. A. OFAC found the following to be aggravating factors:

- Both SCB and SCBZ appear to have had actual knowledge regarding customer relationships that SCBZ maintained with persons identified on the SDN List over a period of several years;
- Components of SCB, including supervisory and managerial personnel in the Bank's compliance unit, appear to have had actual knowledge of SCBZ's exposure to OFAC-designated parties;

- The conduct resulted in significant harm to the sanctions program objectives embodied in the ZSR;
- SCB's compliance program was inadequate to manage the Bank's risk;
- SCB is a large, commercially sophisticated financial institution;
- SCBZ's efforts to identify and "ring-fence" SDN customers were not sufficient to address the conduct leading to the Zimbabwe-Related Apparent Violations; and
- Multiple SCBZ personnel appear to have been unaware that the Bank's customers (including those on the SDN List) could use their SCBZ-issued credit cards outside of Zimbabwe (including in the United States).

OFAC found the following to be a mitigating factor:

- SCB provided OFAC with cooperation including a statute of limitations tolling agreement.

SCB's Remediation Efforts and Future Compliance Commitments

Since 2013, SCB has undertaken a comprehensive global remediation of its sanctions compliance program. As part of its remediation, SCB has taken a number of steps, including: forming a special board committee with responsibility for overseeing SCB's overall financial crime compliance program; implementing additional and more rigorous U.S. sanctions policies and procedures; spending \$2.8 billion on financial crime compliance since 2012; hiring new senior leadership and increasing its staff in its legal and financial crime compliance functions six-fold since 2012; certifying that it has trained relevant employees on complying with U.S. economic sanctions laws and regulations; implementing additional measures to block payment instructions from countries subject to U.S. sanctions laws and regulations; providing compliance training programs for SCB's global correspondent banking clients; upgrading its customer due diligence, transaction screening, and other compliance tools and technology; and improving its ability to assess and measure its sanctions compliance risk, to ensure its U.S. economic sanctions compliance program is effective.

Beyond its internal remediation efforts, SCB has worked proactively to devise, implement, and support new models of industry cooperation to detect and prevent financial crime, including through public-private partnerships.

In its Settlement Agreement with OFAC, SCB has agreed to sustain its commitment to implementing robust compliance procedures by ensuring that it has a management team in place that: (1) is committed to a culture of compliance; (2) conducts regular risk assessments; (3) ensures that its internal controls appropriately mitigate the entity's sanctions-related risks; (4) conducts regularized audits; and (5) provides ongoing sanctions compliance training throughout SCB.

For more information regarding OFAC regulations, please visit: <http://www.treasury.gov/ofac>.