Treasury Department Reaches $132 Million Settlement with Standard Chartered Bank

Treasury Settlement Part of Combined $327 Million Settlement for Bank's Apparent Violations of Sanctions Programs

WASHINGTON – As part of a combined $327 million settlement with federal and local government partners, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today announced a $132 million agreement with Standard Chartered Bank (SCB) to settle its potential liability for apparent violations of U.S. sanctions. Today's settlement resolves the OFAC's investigation into apparent violations by the London and Dubai offices of SCB of a number of U.S sanctions programs, including those relating to Iran, Burma, Libya and Sudan. Matters were also settled relating to a case involving transactions related to the Foreign Narcotics Kingpin Sanctions Regulations.

"Today's settlement is the result of an exhaustive interagency investigation into Standard Chartered Bank's attempts to violate U.S. sanctions programs through the 'stripping' from payment messages of critical information," said OFAC Director Adam J. Szubin. "We remain committed to working with our partners in the regulatory and law enforcement community to ensure that the U.S. financial system is protected from the risks associated with this type of illicit financial behavior."

From 2001 to 2007, SCB's London head office and its Dubai branch engaged in payment practices that interfered with the implementation of U.S. economic sanctions by financial institutions in the United States, including SCB's New York branch. In London, those practices included omitting or removing material references to U.S.-sanctioned locations or entities from payment messages sent to U.S. financial institutions. SCB accomplished this by replacing the names of ordering customers on payment messages with special characters, effectively obscuring the true originator and sanctioned party in the transaction; and forwarding payment messages to U.S. financial institutions that falsely referenced SCB as the ordering institution. In Dubai, the practices included sending payment messages to or through the United States without references to locations or entities implicating U.S. sanctions. As a result, millions of dollars of payments were routed through U.S. banks for or on behalf of sanctioned parties in apparent violation of U.S. sanctions.

These actions were apparent violations of the Iranian Transactions Regulations (ITR), 31 C.F.R. part 560; the Burmese Sanctions Regulations (BSR), 31 C.F.R. part 537; the Sudanese Sanctions Regulations (SSR), 31 C.F.R. part 538; and the now-repealed version of the Libyan Sanctions Regulations (LSR), 31 C.F.R. part 550, which was in effect until 2004. Eight apparent violations of the Foreign Narcotics Kingpin Sanctions Regulations (FNKSR) by SCB's New York branch, which occurred later and apart from the above conduct, were also settled.

Under the settlement agreement, SCB is required to put in place and maintain policies and procedures to minimize the risk of the recurrence of such conduct in the future. SCB is also required to provide OFAC with copies of submissions to the Board of Governors of the Federal Reserve System (Board of Governors) relating to the OFAC compliance review that it will be conducting as part of its settlement with the Board of Governors.

As is standard practice, OFAC worked closely and collaboratively with its counterparts at other government agencies in the investigation of this matter. Today's OFAC settlement is simultaneous with the bank's settlements with the U.S. Attorney's Office for the District of Columbia, the Department of Justice's National Security Division, the Department of Justice's Asset Forfeiture and Money Laundering Section and the New York County District Attorney's Office; as well as orders involving the Board of Governors with the cooperation of the UK's Financial Services Authority.

SCB's $132 million settlement with OFAC will be deemed satisfied by the bank's payment of a forfeiture to the Department of Justice for the same pattern of conduct.

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