

FEDERAL RESERVE press release



For immediate release

February 13, 1997

The Federal Reserve Board today announced the joint issuance with the New York State Banking Department of a Cease and Desist Order against the Asahi Bank, Ltd., Tokyo, Japan, and the Asahi Bank, Ltd. branch in New York.

The Board also issued an Order of Assessment of a Civil Money Penalty of \$5 million against the bank and branch.

Both Orders were issued for misconduct by certain officers of the New York branch relating to the alleged misuse of confidential supervisory information, to the making of allegedly false statements to bank supervisory officials, and to the alleged obstruction of a formal investigation by bank supervisory officials.

The Asahi Bank and branch did not admit to any allegations made against them in connection with the issuance of the Orders.

Copies of the Orders are attached.

Attachments

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
AND
THE NEW YORK STATE BANKING DEPARTMENT

In the Matter of	)	Docket Nos.	96-023-B-FB
	)		96-023-B-FBR
THE ASAHI BANK, LTD.)		
Tokyo, Japan	)	Order to Cease and Desist	
	)	Issued Upon Consent	
THE ASAHI BANK, LTD.,)		
NEW YORK BRANCH)		
New York, New York)		

WHEREAS, pursuant to Section 8(b)(1) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), (12 U.S.C. § 1818(b)(1)), and pursuant to Section 39 of the New York State Banking Law ("Banking Law"), the Board of Governors of the Federal Reserve System (the "Board of Governors") and the New York State Banking Department ("Banking Department") issue this Order to Cease and Desist (the "Order") against the Asahi Bank, Ltd., Tokyo, Japan ("Asahi"), a foreign bank, and its New York branch ("New York Branch"), for misconduct by certain officers of the New York branch relating to the alleged misuse of confidential supervisory information, to the making of allegedly false statements to bank supervisory officials, and to the alleged obstruction of an investigation; and

WHEREAS, on February 12, 1997, the Board of Directors of Asahi adopted a resolution: (i) authorizing and directing Shigehiko Yoshino to enter into this Order on Asahi's behalf; (ii) authorizing and directing Katsumi Sakai to enter into this Order on behalf of the New York Branch; (iii) consenting on behalf of Asahi, the New York Branch, and Asahi's institution-affiliated parties, as defined in Sections 3(u) and 8(b)(4) of the FDI Act, to comply with each and every provision of this Order; and (iv) waiving any and all rights that Asahi and the New York Branch may have pursuant to Section 8 of the FDI Act, 12 C.F.R. Part 263, Section 39 of the Banking Law or otherwise to: (a) the issuance of a notice of charges and of hearing; (b) a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) obtain judicial review of this Order or any provision hereof; and (d) challenge or contest in any manner the basis, issuance, validity, effectiveness, or enforceability of this Order or any provision hereof;

NOW, THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors or the Banking Department in connection with this proceeding and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED, that:

1. Asahi, the New York Branch, and their institution-affiliated parties shall preserve the confidentiality of all supervisory information belonging to the Board of Governors or the Banking Department.

2. Asahi, the New York Branch, and their institution-affiliated parties shall respond accurately to all inquiries posed to them by the Board of Governors or the Banking Department.

3. Asahi, the New York Branch, and their institution-affiliated parties shall neither solicit nor accept confidential supervisory information belonging to the Board of Governors or the Banking Department from any source, including any financial institution.

4. Asahi, the New York Branch, and their institution-affiliated parties shall fully and timely comply with any investigations conducted by the Board of Governors or the Banking Department.

5. Asahi and the New York Branch shall provide effective training for all their personnel in the United States in ethics and the United States bank supervisory process, including the roles and responsibilities of the personnel of financial institutions in the supervisory process. This training shall, at a minimum, highlight: (a) the necessity for candor in all communications with bank supervisors, especially during bank examinations; (b) the necessity of maintaining the

confidentiality of supervisory information; and (c) the sanctions possible for non-compliance with the laws and regulations applicable to personnel of a financial institution. Asahi and the New York Branch shall submit to the Federal Reserve Bank of New York ("New York Fed") and the Banking Department an acceptable written plan for compliance with the provisions of this paragraph within 90 days of this Order.

6. Asahi and the New York Branch shall submit reports on a quarterly basis detailing their progress in fulfilling the objectives of the written plan, prepared by their regulatory compliance consultant, to enhance the risk-management, operational controls, and compliance environment of the New York Branch.

7. During the term of this Order, Asahi and the New York Branch shall comply fully with the plan submitted pursuant to paragraph 5 hereof, and shall execute the plan prepared by their regulatory compliance consultant, referenced in paragraph 6, with all deliberate speed. Asahi and the New York Branch shall not amend or rescind these plans without the prior written approval of the New York Fed and the Banking Department.

8. The New York Fed and the Banking Department, acting jointly, may waive or modify the provisions of this Order, including extending any time periods set forth in this Order.

9. All communications regarding this Order shall be directed to:

- (a) Donald T. Vangel
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045
- (b) Robert H. McCormick
Deputy Superintendent of Banks
New York State Banking Department
2 Rector Street
New York, NY 10006
- (c) Katsumi Sakai, General Manager
Asahi Bank, Ltd., New York branch
One World Trade Center, Suite 6011
New York, NY 10048-0476

10. The provisions of this Order shall be binding upon Asahi, the New York Branch, and each of their institution-affiliated parties, in their capacities as such, and their successors and assigns.

11. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended by the Board of Governors and the Banking Department.

12. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Banking Department, or any federal or state agency or department from taking any other action affecting Asahi, the New York Branch, or any of their current or former institution-affiliated parties. Asahi and the New York Branch agree and acknowledge that this Order does not bar or estop any criminal charges or prosecutions against them, and Asahi and the New York Branch hereby waive any claim in any criminal proceeding that this Order constitutes a penalty, punishment, or criminal sanction, precluding a criminal

proceeding under the Double Jeopardy Clause of the Fifth Amendment to the United States Constitution.

By order of the Board of Governors of the Federal Reserve System, and of the New York State Banking Department, effective this 13th day of February, 1997.

THE ASAHI BANK, LTD.
Tokyo, Japan

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: S. Yoshino
Shigeniko Yoshino
President

By: William W. Wiles
William W. Wiles
Secretary of the Board

ASAHI BANK, LTD.
NEW YORK BRANCH

NEW YORK STATE
BANKING DEPARTMENT

By: K. Sakai
Katsumi Sakai
General Manager

By: Manuel Kursky
~~Manuel Kursky~~ Elizabeth M. C. C.
First Deputy Superintendent
of Banks

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of	)	Docket Nos.	96-023-CMP-FB
THE ASAHI BANK, LTD.	)		96-023-CMP-FBR
Tokyo, Japan	)	Order of Assessment of a	
THE ASAHI BANK, LTD.,	)	Civil Money Penalty Issued	
NEW YORK BRANCH	)	Upon Consent Pursuant to the	
New York, New York	)	Federal Deposit Insurance Act,	
	)	as Amended	

WHEREAS, pursuant to Section 8(i) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), (12 U.S.C. § 1818(i)), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Order of Assessment of a Civil Money Penalty (the "Order") against the Asahi Bank, Ltd., Tokyo, Japan ("Asahi"), a foreign bank, and its New York branch ("New York Branch"), for misconduct by certain officers of the New York branch relating to the alleged misuse of confidential supervisory information, to the making of allegedly false statements to federal bank supervisory officials, and to the alleged obstruction of a Federal Reserve investigation; and

WHEREAS, on February 12, 1997, the Executive Board of Asahi adopted a resolution: (i) authorizing and directing Shigehiko Yoshino to enter into this Order on Asahi's behalf; (ii) authorizing and directing Katsumi Sakai to enter into this Order on behalf of the New York Branch; (iii) consenting on behalf of Asahi and the New York Branch to comply with each and

every provision of this Order; and (iv) waiving any and all rights that Asahi and the New York Branch may have pursuant to Section 8 of the FDI Act and 12 C.F.R. Part 263 or otherwise to: (a) the issuance of a notice of assessment of a civil money penalty; (b) a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) obtain judicial review of this Order or any provision hereof; and (d) challenge or contest in any manner the basis, issuance, validity, effectiveness, collectibility or enforceability of this Order or any provision hereof;

NOW, THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED, that:

1. Asahi and the New York Branch are hereby assessed and shall pay, in settlement of these proceedings, a civil money penalty in the amount of \$5 million. This amount shall be remitted in full at the time of the execution of this Order by wire transfer of immediately available funds to the Federal Reserve Bank of New York, ABA No. 021001208, to the attention of Thomas C. Baxter, Jr., Executive Vice President and General Counsel. The Federal Reserve Bank of New York, on behalf of the

Board of Governors, shall distribute this sum to the United States Department of the Treasury, pursuant to Section 8(i) of the FDI Act.

2. All communications regarding this Order shall be directed to:

(a) Donald T. Vangel
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

(b) Katsumi Sakai, General Manager
Asahi Bank, Ltd., New York branch
One World Trade Center, Suite 6011
New York, NY 10048-0476

3. The provisions of this Order shall be binding upon Asahi, the New York Branch, and their successors and assigns.

4. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors or any federal or state agency or department from taking any other action affecting Asahi, the New York Branch, or any of their current or former institution-affiliated parties, as defined in Sections 3(u) and 8(b)(4) of the FDI Act; provided, however, that the Board of Governors shall not take any further action against Asahi or the New York Branch based upon information presently known by the Board of Governors relating to the matters addressed by this Order; provided further, that the Board of Governors is not barred, estopped or otherwise prevented from taking action under Section 8 of the FDI Act for any violation of, or noncompliance with, this Order; provided further, that Asahi and the New York Branch agree and acknowledge that this Order, and the payment

made herewith, does not bar or estop any criminal charges or prosecutions against them, and Asahi and the New York Branch hereby waive any claim in any criminal proceeding that this Order, and the payment made herewith, constitute a penalty, punishment, or criminal sanction, precluding a criminal proceeding under the Double Jeopardy Clause of the Fifth Amendment to the United States Constitution.

By order of the Board of Governors of the Federal Reserve System, effective this 13th day of February, 1997.

THE ASAHI BANK, LTD.
Tokyo, Japan

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: S. Yoshino
Shigehiko Yoshino
President

By: William W. Wiles
William W. Wiles
Secretary of the Board

THE ASAHI BANK, LTD.,
NEW YORK BRANCH

By: K. Sakai
Katsumi Sakai
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