

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

In the Matter of

STANDARD CHARTERED PLC
London, United Kingdom

STANDARD CHARTERED BANK
London, United Kingdom

STANDARD CHARTERED BANK
NEW YORK BRANCH
New York, New York

Docket Nos. 12-069-CMP-FB

Order of Assessment of a Civil
Money Penalty Issued Upon Consent
Pursuant to the Federal Deposit
Insurance Act, as Amended

WHEREAS, Standard Chartered plc, London, United Kingdom is a foreign bank, as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)), that is a large complex financial organization that has a number of separate business lines and legal entities in many countries around the world;

WHEREAS, Standard Chartered Bank, London, United Kingdom (the “Bank”) is a foreign bank as defined in section 1(b)(7) of the International Banking Act that is an indirect subsidiary of Standard Chartered plc;

WHEREAS, Standard Chartered plc and Standard Chartered Bank (collectively, “Standard Chartered”) conduct operations in the United States through various offices and entities (the “U.S. Offices”), including, but not limited to, a branch of the Bank in New York, New York (the “Branch”) for which the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor;

WHEREAS, effective October 7, 2004, Standard Chartered plc, the Bank, and the Branch consented to a Written Agreement (the “2004 Written Agreement”) issued by the Federal Reserve Bank of New York (the “Reserve Bank”) and the New York State Banking Department (“NYSBD”) that required improvements in compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”), including the Bank Secrecy Act (“BSA”) (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); and the suspicious activity reporting requirements of Regulation K of the Board of Governors (12 C.F.R. §§211.24(f) (collectively, “BSA/AML Requirements”); and those of the NYSBD (3 N.Y.C.R.R. Part 300), to fully address all deficiencies in the Branch’s AML policies and procedures, customer due diligence practices, risk management processes and internal controls environments.

WHEREAS, the 2004 Written Agreement was terminated on July 10, 2007, by the FRBNY and the NYSBD;

WHEREAS, the U. S. Department of Justice (“DOJ”), the District Attorney for the County of New York, New York (“DANY”), the Office of Foreign Assets Control of the U. S. Department of the Treasury (“OFAC”), and the Federal Reserve have been conducting an investigation into the practices of the Bank concerning the transmission of funds to and from the United States by and through entities and individuals subject to sanctions regimes imposed under the International Emergency Economic Powers Act (“IEEPA”), 50 U.S.C. §§ 1701-06, and the Trading with the Enemy Act, 50 U.S.C. §§ 5, 16, both of which are administered by OFAC;

WHEREAS, in order to resolve the investigations, Standard Chartered has agreed to enter into settlement agreements with DOJ, DANY, and OFAC;

WHEREAS, during the course of the investigations, the Board of Governors obtained information supporting allegations that:

A. From at least 2001 through early 2007, Standard Chartered developed and implemented policies and procedures for processing certain U.S. dollar-denominated funds transfers through the Branch involving parties subject to sanctions administered by OFAC (the “OFAC Regulations”) that deleted information from payment messages that was necessary for the Branch to determine whether these transactions were carried out in a manner consistent with U.S. law and to properly conduct the transaction review required under the 2004 Written Agreement; and

B. In 2005 and 2006, while still under the 2004 Written Agreement, the Branch engaged in unsafe and unsound practices by providing inadequate and incomplete responses to examiner inquiries relating to the transmission of funds to and from parties subject to OFAC Regulations and by providing incomplete and misleading information to examiners regarding the scale of and practices for processing Standard Chartered’s and the Branch’s U.S. dollar clearing transactions, particularly with regard to Iranian customers;

WHEREAS, the most recent BSA/AML examination of the Branch disclosed deficiencies in the Branch’s risk management and compliance with applicable laws, rules, and regulations relating to BSA/AML Requirements;

WHEREAS, the unsafe or unsound practices and violations of law described above warrant the assessment of a civil money penalty by the Board of Governors against Standard Chartered, plc, the Bank, and the Branch under section 8(i)(2)(B) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)(2)(B)) (the “FDI Act”); and

WHEREAS, the Board of Governors is issuing this Order of Assessment of a Civil Money Penalty Upon Consent against Standard Chartered plc, the Bank, and the Branch (the “Consent Order of Assessment”);

WHEREAS, pursuant to a resolution of Standard Chartered plc Board of Directors dated October 31, 2012; a resolution of the Court of the Bank dated November 2, 2012; and a resolution of a Committee of the Standard Chartered plc Board of Directors dated December 6, 2012, Dr. Tim Miller, Director, Property, Research & Assurance; James Ellington, Group Head of Legal; and Julio Rojas, Chief Executive Officer, Americas, have been authorized and directed to execute this Consent Order of Assessment on behalf of the Bank, Standard Chartered plc, and the Branch, respectively, and to consent to compliance with each and every applicable provision of this Order by the Bank, Standard Chartered plc, and the Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u) and 1818(b)(4)) (the “FDI Act”), and to waive any and all rights that the Bank, Standard Chartered plc, and the Branch may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges; (ii) a hearing for the purpose of taking evidence in any matters set forth in this Consent Order of Assessment; (iii) judicial review of this Consent Order of Assessment; (iv) contest the issuance of this Consent Order of Assessment by the Board of Governors; and (v) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Consent Order of Assessment or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Consent Order of Assessment constituting an admission or denial by Standard Chartered plc, the Bank, or the

Branch of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ordered that:

1. (a) The Board of Governors hereby assesses Standard Chartered plc and the Bank a joint civil money penalty in the amount of \$100,000,000 as follows:

(i) a civil money penalty of \$65,000,000 is assessed in connection with allegations of unsafe and unsound practices related to OFAC Regulations; and

(ii) a civil money penalty of \$35,000,000 is assessed in connection with allegations of unsafe and unsound practices related to provision of information to examiners.

(b) The civil money penalty assessed shall be remitted 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., General Counsel and Executive Vice-President. The Reserve Bank, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

Notices

2. All communications regarding this Consent Order of Assessment shall be sent to:

(a) Zahra El-Mekkawy
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

(b) Dr. Tim Miller
Director, Property, Research & Assurance
Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

(c) Edward Kowalyck
Regional Head of Compliance Americas
Standard Chartered Bank
New York Branch
1095 Avenue of the Americas
New York, NY 10010

Miscellaneous

3. The provisions of this Consent Order of Assessment shall be binding on Standard Chartered plc, the Bank, and the Branch and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

4. Each provision of this Consent Order of Assessment shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.

5. Notwithstanding any provision of this Consent Order of Assessment, the Reserve Bank may, in its sole discretion, grant written extensions of time to Standard Chartered plc, the Bank, and the Branch to comply with any provision of this Consent Order of Assessment.

6. The provisions of this Consent Order of Assessment shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any further or other action affecting Standard Chartered plc, the Bank, the

Branch, any subsidiary thereof, or any of their current or former institution-affiliated parties or their successors or assigns.

By Order of the Board of Governors of the Federal Reserve System effective this 10th day of December, 2012.

STANDARD CHARTERED PLC

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ James Ellington
James Ellington
Group Head of Legal

By: /s/ Robert deV. Frierson
Robert deV. Frierson
Secretary of the Board

STANDARD CHARTERED BANK

By: /s/ Dr. Tim Miller
Dr. Tim Miller
Director, Property, Research & Assurance

STANDARD CHARTERED BANK
NEW YORK BRANCH

By: /s/ Julio Rojas
Julio Rojas
Chief Executive Officer, Americas