

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

In the Matter of  
CRÉDIT AGRICOLE S.A.  
Paris, France

CRÉDIT AGRICOLE CORPORATE  
AND INVESTMENT BANK  
Paris, France

Docket No. 15-028-B-FB  
15-028-CMP-FB

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

WHEREAS, Crédit Agricole S.A., Paris, France (the “Bank”) is a foreign bank, as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)), that controls a large complex financial organization that consists of a number of separate business lines and legal entities in many countries around the world;

WHEREAS, the Bank conducts operations in the United States through various subsidiaries, including Crédit Agricole Corporate and Investment Bank, Paris, France (“CACIB”), which maintains a branch in New York, New York (the “New York Branch”) (together with the Bank, “Crédit Agricole”);

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor in the United States of the Bank, CACIB, and the New York Branch;

WHEREAS, the Bank oversees compliance and risk management procedures for entities within the Crédit Agricole organization;

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”), the New York State Department of Financial Services (“NYSDFS”), and the Board of Governors have been conducting an investigation into the practices of CACIB concerning the transmission of funds to and from the United States through the New York Branch and unaffiliated U.S. financial institutions, including 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. App. §§ 5 and 16, both of which are administered by OFAC (collectively, the “OFAC Regulations”);

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

WHEREAS, CACIB has conducted a review of U.S. dollar transactions and has begun to undertake certain enhancements to its OFAC compliance program;

WHEREAS, this Order to Cease and Desist and Order of Assessment of a Civil Money Penalty (the “Order”) is issued with respect to the following:

A. CACIB lacked adequate risk management and legal review policies and procedures to ensure that activities conducted at offices outside the United States complied with applicable OFAC Regulations;

B. The Bank lacked adequate oversight over CACIB’s risk management and legal review policies and procedures to ensure compliance with applicable OFAC Regulations; and

C. From at least 2003 to 2008, certain overseas offices of CACIB, principally in Geneva, Switzerland, processed certain U.S. dollar-denominated funds transfers through the

New York Branch and through unaffiliated U.S. financial institutions involving parties subject to OFAC Regulations that did not contain relevant information within the payment messages necessary for the U.S. financial institutions to determine whether these transactions were carried out in a manner consistent with U.S. law, which caused violations of OFAC Regulations.

WHEREAS, the unsafe or unsound practices described above warrant the assessment of a civil money penalty by the Board of Governors against Crédit Agricole 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”);

WHEREAS, to address the deficiencies described above, Crédit Agricole must implement improvements in its oversight and compliance program for activities involving the offices of CACIB and its subsidiaries outside the United States that in whole or in part impact the ability of the New York Branch and unaffiliated U.S. financial institutions to comply with applicable OFAC Regulations;

WHEREAS, the Board of Governors, the Federal Reserve Bank of New York (“Reserve Bank”), and Crédit Agricole have common goals to ensure that Crédit Agricole complies with United States laws, rules, and regulations that apply to the activities of the organization, and that Crédit Agricole fosters a strong commitment towards compliance;

WHEREAS, the Board of Governors is issuing this consent Order; and

WHEREAS, the Autorité de Contrôle et de Prudenciel et de Résolution (“ACPR”), as the home country conduct supervisor of Crédit Agricole has agreed to assist the Board of Governors as set out in paragraphs 2(b), 2(c), 3, and 8(a) of this Order in accordance with the Joint Statement of the French and U.S. banking supervisors dated May 19, 2004;

WHEREAS, pursuant to delegated authority, Philippe Brassac, Chief Executive Officer, and Jean-Yves Hoher, Chief Executive Officer, are authorized to enter into this Order on behalf

of the Bank and CACIB, and respectively consent to compliance with each and every provision of this Order by the Bank and CACIB and to waive any and all rights that the Bank and CACIB 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 on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the Order 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 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, pursuant to sections 8(b)(1) and (4) and 8(i)(2) of the FDI Act (12 U.S.C. §§ 1818(b)(1) and 1818(b)(4) and 1818(i)(2)), that:

#### **U.S. Law Compliance Program**

1. Within 90 days of this Order, Crédit Agricole shall submit to the Board of Governors an acceptable program, including a timetable for implementation, to ensure compliance with applicable OFAC Regulations by Crédit Agricole's global business lines, including, but not limited to, the New York Branch (the "OFAC Compliance Program"), that shall, at a minimum, provide for:

(a) an annual assessment of OFAC compliance risks arising from the global business activities and customer base of Crédit Agricole subsidiaries, including risks arising from transaction processing and trade finance activities conducted by or through Crédit Agricole's global operations;

(b) policies and procedures to ensure compliance with applicable OFAC Regulations by Crédit Agricole's global business lines, including screening with respect to transaction processing and trade financing activities for the direct and indirect customers of Crédit Agricole subsidiaries;

(c) the establishment of an OFAC compliance reporting system that is widely publicized within the global organization and integrated into Crédit Agricole's other reporting systems in which employees report known or suspected violations of OFAC Regulations, and that includes a process designed to ensure that known or suspected OFAC violations are promptly escalated to appropriate compliance personnel for appropriate resolution and reporting;

(d) procedures to ensure that the OFAC compliance elements are adequately staffed and funded;

(e) training for Crédit Agricole's employees in OFAC-related issues appropriate to the employee's job responsibilities that is provided on an ongoing, periodic basis; and

(f) an audit program designed to test for compliance with OFAC Regulations.

2. (a) During the term of this Order, to ensure that the OFAC Compliance Program is functioning effectively to detect, correct, and report OFAC-sanctioned transactions when they occur, Crédit Agricole shall conduct on an annual basis: (i) a review of OFAC compliance policies and procedures and their implementation for Crédit Agricole's global business lines, including, but not limited to, the New York Branch; and (ii) an appropriate risk-focused sampling of U.S. dollar payments (the "OFAC Compliance Review").

(b) The OFAC Compliance Review, the first of which shall commence one year after the date of this Order, shall be conducted by an independent third party with

appropriate expertise in OFAC compliance issues acceptable to the Board of Governors. No later than 30 days before the scheduled commencement of the OFAC Compliance Review, Crédit Agricole shall submit an engagement letter acceptable to the Board of Governors and the ACPR that details the independent third party's scope of work.

(c) The results of each OFAC Compliance Review shall be submitted to the Reserve Bank and the ACPR within 90 days of the anniversary date of this Order.

3. Within 60 days of the Board of Governors' approval of the OFAC Compliance Program required by paragraph 1, Crédit Agricole shall complete a global OFAC risk assessment with particular attention to transactions involving its affiliates, branches, and subsidiaries. A copy of the risk assessment shall be submitted to the Reserve Bank and the ACPR upon its completion.

#### **Accountability for Employees Involved in Misconduct**

4. Crédit Agricole shall not in the future directly or indirectly retain any individual as an officer, employee, agent, consultant, or contractor of Crédit Agricole or of any affiliate thereof who, based on the investigative record compiled by U.S. authorities, has done all of the following: (i) participated in the misconduct underlying this Order, (ii) been subject to formal disciplinary action as a result of Crédit Agricole's internal disciplinary review or performance review in connection with the conduct described above, and (iii) has either separated from Crédit Agricole or had his or her employment terminated.

5. Crédit Agricole shall continue to fully cooperate with and provide substantial assistance to the Board of Governors, including but not limited to, the provision of information, testimony, documents, records, and other tangible evidence and perform analyses as directed by the Board of Governors in connection with the investigations of

whether separate enforcement actions should be taken against individuals who are or were institution-affiliated parties of Crédit Agricole and who were involved in the misconduct underlying this Order. For purposes of clarity and not limitation, substantial assistance as used in this Order means Crédit Agricole will use its best efforts, as determined by the Board of Governors, to make available for interviews or testimony, as requested by the Board of Governors, present or former officers, directors, employees, agents and consultants of Crédit Agricole, to the extent permitted by law. This obligation includes, but is not limited to, sworn testimony pursuant to administrative subpoena as well as interviews with regulatory authorities. Cooperation under this paragraph shall also include identification of witnesses who, to the knowledge of Crédit Agricole, may have material information regarding the matters under investigation.

**Assessment of Civil Money Penalty**

6. (a) The Board of Governors hereby jointly assesses the Bank and CACIB a civil money penalty in the amount of \$90,300,000; and

(b) The civil money penalty shall be remitted at the time of the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 1000033, beneficiary, Board of Governors of the Federal Reserve System. The Federal Reserve Bank of Richmond, 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)).

### **Compliance with the Order**

7. Within 30 days after the end of each calendar quarter following the date of this Order, the Bank and CACIB shall jointly submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Order and the results thereof.

### **Approval and Implementation of Program**

8. (a) Crédit Agricole shall submit the written program that is acceptable to the Board of Governors within the time period set forth in paragraph 1 of this Order. An independent third party acceptable to the Board of Governors and the ACPR shall be retained by Crédit Agricole within the time period set forth in paragraph 2(b) of this Order. An engagement letter acceptable to the Board of Governors and the ACPR shall be submitted within the time period set forth in paragraph 2(b) of this Order.

(b) Within 10 days of approval by the Board of Governors of the program required by Paragraph 1 of the Order, Crédit Agricole shall adopt the approved program. Upon adoption, Crédit Agricole shall promptly implement the approved program, and thereafter fully comply with it.

(c) During the term of this Order, the approved program and engagement letter shall not be amended or rescinded without the prior written approval of the Board of Governors.

## Notices

9. All communications regarding this Order shall be sent to:
  - (a) S. Michael Koh  
Vice President  
Federal Reserve Bank of New York  
New York, New York 10045
  - (b) Richard M. Ashton  
Deputy General Counsel  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551
  - (c) Pierre Minor  
Head of Compliance  
Crédit Agricole S.A.  
Paris, France
  - (d) Catherine Duvaud  
Head of Compliance  
Crédit Agricole Corporate and Investment Bank  
Paris, France

## Miscellaneous

10. Notwithstanding any provision of this Order to the contrary, the Board of Governors or the Reserve Bank may, in its discretion, grant written extensions of time to Crédit Agricole to comply with this Order.

11. The provisions of this Order shall be binding upon Crédit Agricole and each of its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

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

13. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other

action affecting Crédit Agricole, any subsidiary thereof, or any of their current or former institution-affiliated parties and their successors and assigns.

By Order of the Board of Governors of the Federal Reserve System effective this 19th day of October, 2015.

CRÉDIT AGRICOLE S.A.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: \_\_\_/s/\_\_\_\_\_

By: \_\_\_/s/\_\_\_\_\_

Philippe Brassac  
Chief Executive Officer

Robert deV. Frierson  
Secretary of the Board

CRÉDIT AGRICOLE CORPORATE  
AND INVESTMENT BANK

By: \_\_\_/s/\_\_\_\_\_

Jean-Yves Hoher  
Chief Executive Officer