

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

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| In the Matter of |) | Docket Nos. 91-037-CMP-I4 |
| KEMAL SHOAIB, |) | |
| |) | |
| An Institution-Affiliated Party |) | Notice of Assessment of a |
| of BCCI Holdings (Luxembourg) |) | Civil Money Penalty Issued |
| S.A., Luxembourg, and the |) | Pursuant to Section 8(b) of |
| Bank of Credit and Commerce |) | the Bank Holding Company Act |
| International S.A., Luxembourg |) | of 1956, as Amended |
| |) | |

The Board of Governors of the Federal Reserve System (the "Board") is of the opinion that the charges set forth in the Notice of Assessment of a Civil Money Penalty and Amended Notice of Intent to Prohibit, issued by the Board on September 13, 1991 (the "September 13 Notice"), warrant the imposition of a civil money penalty against Kemal Shoaib ("Shoaib") in connection with his participation in the violation of the Bank Holding Company Act of 1956 (the "BHC Act"), 12 U.S.C. 1841 et seq., by BCCI Holdings (Luxembourg) S.A., Luxembourg, and the Bank of Credit and Commerce International S.A., Luxembourg (collectively, "BCCI"), as set forth in the September 13 Notice.

Accordingly, the Board of Governors hereby issues this Notice of Assessment of a Civil Money Penalty for the purpose of assessing a civil money penalty against Shoaib for his violations of the BHC Act and Regulation Y pursuant to the provisions of Section 8(b) of the BHC Act (12 U.S.C. 1847(b)).

Shoaib's assets. The case is being handled for the Board by Assistant U.S. Attorneys for the Central District of California.

The U.S. District Court action is being brought under recently enacted provisions contained in the Crime Control Act of 1990.

The civil money penalty assessment and U.S. District Court actions were taken after close consultation with the Department of Justice. The Department fully supports the Board's actions against Shoaib.

The Board earlier assessed a \$200 million fine against BCCI and a \$37 million fine against Ghaith R. Pharaon, who acted as BCCI's nominee or agent in connection with the acquisition of the Independence Bank by BCCI. The Board also took action to bar Shoaib, Pharaon and seven other persons from any involvement with U.S. banks. These actions are described in Notices issued by the Board on July 12, July 29, and September 13, 1991. At the request of the Department of Justice, the Board has temporarily deferred the assessment of civil money penalties against the seven other individuals pending completion of the Department's criminal investigations. The seven include Agha Hasan Abedi and Swaleh Naqvi, the former chief executive officers of BCCI.

A copy of the Board's Notice is attached.

Attachment

4. The violation, as defined, for the purpose of this Notice of Assessment, by Section 8(b)(5) of the BHC Act (12 U.S.C. 1847(b)(5)), of Section 3(a) of the BHC Act by Shoaib, which commenced with acquisition of Independence by BCCI or ICIC Overseas on October 1, 1985, has been outstanding for a period of 2182 days on September 23, 1991. Of these, 1408 days were before and 774 days were after August 9, 1989.

5. After taking into account the size of Shoaib's financial resources, his good faith, the gravity of the violations, the history of previous violations, and such other matters as justice may require, the Board of Governors hereby assesses a civil money penalty of Twenty Million Dollars (\$20,000,000) against Shoaib for his violations of Sections 3(a) of the BHC Act set forth in the September 13 Notice. Shoaib shall forfeit and pay the penalty as hereinafter provided.

6. The penalty set forth in paragraph 5 hereof is assessed by the Board of Governors pursuant to Sections 8(b) of the BHC Act and Subparts A through C of the Board of Governors' Rules of Practice for Hearings as amended, 56 Federal Register 38052 (August 9, 1991), to be codified at 12 C.F.R. 263.1-263.64. Remittance of the penalty set forth herein shall be made within 30 days of the date of this Notice of Assessment, in immediately available funds, payable to the order of the Secretary of the

In support of this Notice of Assessment, the Board of Governors alleges the following:

1. The Board re-alleges and incorporates by reference as if fully set forth herein paragraphs 1 through 52 of the September 13 Notice, a copy of which is attached hereto.

2. As set forth more fully in the September 13 Notice, Shoaib caused, brought about, participated in, or aided and abetted the violation described in paragraphs 30 and 33 of the September 13 Notice by assisting in the identification and acquisition of Independence on behalf of BCCI and by acting on behalf of BCCI while employed as chairman of Independence to facilitate BCCI's illegal exercise of control of Independence, by, inter alia, seeking BCCI's approval of staffing and board of director appointments, and of capital injections into Independence.

3. Section 8(b) of the BHC Act authorizes the assessment of a civil money penalty against any individual who participates in a violation of the BHC Act or any regulation, including Regulation Y, issued pursuant thereto. Until its amendment as of August 9, 1989, Section 8(b) of the BHC Act authorized civil money penalties of \$1,000 per day for each day of violation; thereafter, Section 8(b) of the BHC Act authorizes civil money penalties of \$25,000 per day.

Board of Governors, Washington, D.C. 20551, who shall make remittance of the same to the Treasury of the United States.

7. (a) Notice is hereby given, pursuant to Section 8(i)(2) of the FDI Act (12 U.S.C. 1818(i)(2)), made applicable to these proceedings by Section 8(b)(2) of the BHC Act (12 U.S.C. 1847(b)(2)), and Section 263.19(a) of the Board of Governors's Rules of Practice for Hearings (12 C.F.R. 263.19(a)), that Shoaib is afforded an opportunity for a formal hearing before the Board of Governors concerning the civil money penalty assessment.

(b) The hearing, if requested, referred to in paragraph 7(a) hereof may, at the discretion of the Board, be combined with the other matters set forth in the September 13 Notice, including those concerning the issuance of an order of prohibition pursuant to Section 8(e) of the FDI Act.

8. The hearing, if requested, referred to in paragraph 7 hereof will be held before an administrative law judge to be appointed by the Office of Financial Institution Adjudication, and will be conducted in compliance with the provisions of the FDI Act and the Board of Governors's Rules of Practice for Hearings. The hearing will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other respects will

be conducted in compliance with the provisions of the BHC Act and the Board of Governors's Rules of Practice for Hearings.

9. Pursuant to Section 263.33(a) of the Board's Rules of Practice for Hearings, Shoaib may submit, within 20 days after the issuance and service of this Notice of Assessment, to the Secretary of the Board of Governors a written statement detailing his reasons why the hearing described in paragraph 7 hereof should not be public. Shoaib's failure to submit such a statement within the aforesaid period will be deemed a waiver of any interest he may have to a private hearing.

10. Pursuant to Section 263.19 of the Board's Rules of Practice for Hearings, Shoaib is required to file an answer to the charges set forth herein, and a request for a hearing, within 20 days of service of this Notice on him. Such answer or request for a hearing shall be filed with the Office of Financial Institution Adjudication, 1700 G Street N.W., Washington D.C. 20552, and a copy shall be served on the General Counsel of the Board. Pursuant to Section 263.19(c) of the Board's Rules of Practice for Hearings, if Shoaib fails to file an answer within the time set forth herein within the time provided, he is deemed to have waived his right to appear and contest the allegations in this Notice of Assessment, and if he fails to request a hearing within the time provided, this Notice of Assessment constitutes a

final and unappealable order, and the Board may refer it for collection to the Department of Justice.

11. The assessment of a civil money penalty against Shoaib sought by this Notice of Assessment is without prejudice to any future action the Board may take to remove, prohibit, or assess civil money penalties against Shoaib.

12. Authority is hereby delegated to the Secretary of the Board of Governors to designate the time and place and presiding officer for any hearing that may be conducted on this Notice of Assessment and to take any and all actions that the presiding officer would be authorized to take under the Board of Governors's Rules of Practice for Hearings with respect to this Notice and any hearing to be conducted hereon, until such time as a presiding officer shall be designated.

Dated at Washington, D.C., this 23rd day of September, 1991.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

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