

## JUSTICE NEWS

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## **Crédit Agricole Corporate and Investment Bank Admits to Sanctions Violations, Agrees to Forfeit \$312 Million**

*Combined with Payments to Regulators, Bank to Pay \$787.3 Million*

Crédit Agricole Corporate and Investment Bank (CACIB), a corporate and investment bank owned by Crédit Agricole S.A. and headquartered in Paris, has agreed to forfeit \$312 million and enter into a deferred prosecution agreement with the U.S. Attorney's Office of the District of Columbia for CACIB's violations of the International Emergency Economic Powers Act (IEEPA) and the Trading With the Enemy Act (TWEA). CACIB employs over 7,000 employees and has a presence in over 30 countries. The bank has also entered into settlement agreements with the Treasury Department's Office of Foreign Assets Control (OFAC), the Board of Governors of the Federal Reserve System, the New York County District Attorney's Office and the New York State Department of Financial Services (DFS). In total, CACIB will pay \$787.3 million in criminal and civil financial penalties.

The announcement was made by U.S. Attorney Channing D. Phillips of the District of Columbia, Assistant Director Joseph S. Campbell of the FBI's Criminal Investigative Division, Chief Richard Weber of the Internal Revenue Service-Criminal Investigation (IRS-CI) and District Attorney Cyrus R. Vance Jr. of New York County.

A one-count felony criminal information and a related civil forfeiture complaint were filed today in federal court in the District of Columbia charging CACIB with knowingly and willfully conspiring to defraud the United States and to commit violations of IEEPA and TWEA. CACIB has waived federal indictment, agreed to the filing of the information and civil forfeiture complaint, and has accepted responsibility for its criminal conduct and that of its employees.

CACIB is to pay \$156 million to the U.S. Attorney's Office for the District of Columbia and \$156 million to the New York County District Attorney's Office.

The New York County District Attorney's Office is also announcing today that CACIB has entered into a separate deferred prosecution agreement, and that, in the corresponding factual statement, CACIB admitted that it violated New York state law by falsifying the records of New York financial institutions.

In addition, the Board of Governors of the Federal Reserve System is announcing that CACIB has agreed to a cease and desist order, to take certain remedial steps to ensure its compliance with U.S. law in its ongoing operations and to pay a civil monetary penalty of \$90.3 million. DFS is announcing CACIB has agreed to, among other things, employ a compliance consultant for a period of one year and pay a monetary penalty of \$385 million to DFS. The Treasury Department's OFAC has also levied a fine of approximately \$329.5 million, which will be satisfied by the payments to federal and local agencies.

"Sanctions laws are critical to both our national security and foreign policy interests," said U.S. Attorney Phillips.

“CACIB, through its subsidiaries, violated our laws and our interests by conducting business on behalf of entities in Sudan. CACIB’s subsidiaries succeeded in these efforts, in large part, by hiding their conduct from CACIB’s employees in the United States. In this case, the overwhelming majority of the unlawful conduct occurred at a foreign subsidiary that no longer exists. Although CACIB moved quickly to end these unlawful transactions and fully cooperated with investigators, today’s resolution demonstrates that there will be significant consequences for any financial institution that allows its foreign subsidiaries that do not intend to respect U.S. law to, nevertheless, access the U.S. financial system.”

“The financial penalties imposed on Crédit Agricole Corporate and Investment Bank send a powerful message to any financial institution that prioritizes profits over adherence to the law,” said Assistant Director Campbell. “This investigation is another example of our commitment to work closely with our federal and state partners to ensure compliance with U.S. banking laws to promote integrity across financial institutions and to safeguard our national security.”

“Today’s announcement is another significant milestone on an international stage that should send a clear warning to other global financial institutions,” said Chief Weber. “IRS-CI’s work in this investigation, as well as prior sanction cases, has proven the ability of IRS-CI and our partners to expose violations of IEEPA and TWEA sanctions. We will continue to use our financial expertise to uncover these types of violations and hold financial institutions accountable for international criminal violations.”

“With this resolution, as well as eight previous agreements, my office and our partners are sending a clear message that financial institutions must comply with sanctions against rogue nations,” said District Attorney Vance. “Over the course of our investigation, it was revealed that subsidiaries of Crédit Agricole illegally moved hundreds of millions of dollars through the U.S. on behalf of clients in Sudan, Iran, Cuba and Burma. This type of conduct requires the bank be held accountable, and I would like to thank all our partners for their efforts to ensure that our financial system is protected.”

According to documents released publicly today, between August 2003 and September 2008, CACIB subsidiaries in Geneva knowingly and willfully moved approximately \$312 million through the U.S. financial system on behalf of sanctioned entities located in Sudan, Burma, Iran and Cuba. Specifically, during this time period, these CACIB subsidiaries employed deceptive practices that concealed the involvement of banks designated as Specially Designated Nationals (SDNs) and other corporate entities in financial transactions that transited through the United States and thereby deprived the United States and CACIB’s New York branch and other U.S. financial institutions of the ability to filter for, and consequently block or reject, sanctioned payments. The bank’s conduct caused approximately \$312 million in unlawful transactions to transit through the United States financial systems—although nearly all of the bank’s violations involved Sudanese business organizations. CACIB subsidiaries also unlawfully caused transactions on behalf of clients located in Burma, Iran and Cuba to unlawfully transit through the United States as well.

According to court documents, CACIB’s employees were aware of U.S. sanctions against Sudan and the fact that the sanctions applied to payments the bank sent to the United States. Further, CACIB has acknowledged that compliance personnel within CACIB subsidiaries in Geneva were aware of the U.S. sanctions against Sudan and that these sanctions applied to payments the bank sent through the United States. Despite this knowledge, compliance personnel authorized payments on behalf of the bank’s Sudanese customers.

CACIB has admitted that its employees permitted 11 Sudanese banks to maintain U.S. dollar accounts with CACIB—six of the Sudanese banks were SDNs. CACIB’s subsidiaries relied primarily on non-transparent payment messages, known as cover payments, to mask the unlawful payments that were sent through the United States.

This case was investigated by the IRS-CI and the FBI's New York Field Office. This case is being prosecuted by Assistant U.S. Attorneys Matt Graves, Maia L. Miller and Zia Faruqui of the District of Columbia, and former Assistant U.S. Attorney Ann Petalas assisted in the investigation.

The New York County District Attorney's Office also conducted its own investigation in conjunction with the Department of Justice. The Board of Governors of the Federal Reserve Bank of New York, the DFS and the Treasury Department's OFAC provided assistance with this matter.

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