

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## U.S. Treasury Department Announces Joint \$536 Million Settlement with Credit Suisse AG

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### ***Treasury, Justice Department, and New York District Attorney Conclude Landmark Settlement Regarding Apparent Egregious Sanctions Violations***

*To view Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey's remarks, click [here](#).*

**WASHINGTON** – The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), alongside the U.S. Department of Justice and the New York County District Attorney's Office, today announced a \$536 million global settlement with Credit Suisse AG (Credit Suisse) – the largest penalty settlement in OFAC's history. The settlement stems from Credit Suisse's structuring of thousands of wire transfers executed through U.S. banks and securities transactions executed through its U.S. office to ensure that the involvement of sanctioned parties was not apparent. Today's action is the largest penalty settlement in OFAC's history. The Board of Governors of the Federal Reserve System has issued a consent Cease and Desist Order against Credit Suisse in connection with the case and is requiring the bank to implement an enhanced global regulatory compliance program. The Swiss Financial Market Supervisory Authority, as the home country supervisor of Credit Suisse, has agreed to assist the Board of Governors in the implementation and supervision of that Order.

This case arises out of Credit Suisse's processing of thousands of transactions over a 20-year period that concealed the involvement of sanctioned parties and the routing of wire transfers and securities transactions to and through the United States. The great majority of the transactions involved Iran, although there were also transactions that appear to have violated U.S. sanctions on Sudan, Libya, Burma, Cuba, and the former Liberian regime of Charles Taylor.

This matter represents an egregious case under OFAC's enforcement guidelines due to a number of aggravating factors, including the substantial economic benefit to sanctioned parties, the scope and severity of the apparent violations, and the awareness of the conduct within the bank.

"The efficacy of our sanctions depends upon vigorous compliance and enforcement," said Director of OFAC, Adam J. Szubin. "Credit Suisse routed transactions through the United States surreptitiously, while knowing that those payments would be blocked or rejected if their true nature had been clear. These practices were not reasonable or authorized under U.S. law."

Credit Suisse developed and deployed elaborate procedures for altering payments to ensure that the involvement of sanctioned parties was not apparent to the U.S. banks involved in the transactions, including stripping out the names of sanctioned parties from payment instructions and forwarding payment messages to U.S. financial institutions that falsely identified Credit Suisse as the ordering institution. In its securities unit, Credit Suisse's London affiliate processed trades through Credit Suisse's U.S. branch on behalf of a then-designated Libyan state-owned investment company and a Sudanese bank. The London affiliate utilized code names to disguise the identities of the sanctioned entities and maintained sub-accounts in these code names in its omnibus accounts maintained in the United States.

Credit Suisse ignored numerous red flags that were raised over its long course of conduct. As early as 1998, a Credit Suisse employee noted that the bank had used the cover payment method to process sanctions-related transactions through the United States because, "[h]ad such data been transmitted to [Credit Suisse First Boston] New York, then the assets would have had to be frozen and submitted to OFAC."

An additional red flag was ignored when, in 2003, Credit Suisse learned that another international bank had ceased to handle Iranian banks' U.S. dollar clearing business. Instead of perceiving legal risk, Credit Suisse saw a business opportunity and sought to take over the Iranian U.S. dollar clearing business. As a result, the number of apparently illicit payments involving Iran that passed through the United States dramatically increased from 2002 to 2005.

In July 2004, a Swiss money laundering regulatory requirement entered into force requiring the disclosure of the remitter in payment orders. This prompted Credit Suisse to issue an internal directive prohibiting the use of the "Order of a Customer" method when making international wire transfers. Instead, Credit Suisse provided information to its Iranian clients about how to use other methods to route U.S. dollar payments through the United States. Additionally, between 2005 and 2006, Credit Suisse employees continued to remove or alter information about Iranian bank clients in customer payment orders sent to U.S. correspondent banks.

Today's settlement is the most significant in OFAC's history. Were it not for the bank's remediation and cooperation with the government's investigations during the past two years, the resulting penalty could have been substantially higher.

Credit Suisse phased out its business with sanctioned parties and has terminated the alleged illegal activities and cooperated with OFAC. The bank conducted a comprehensive investigation of the conduct described above and performed a transaction analysis of activity between 2002 and 2007. Results of the investigation were promptly provided to OFAC. The bank's sanctions compliance will be monitored by the Board of Governors of the Federal Reserve System and the Swiss Financial Market Supervisory Authority.

Treasury wishes to thank the New York District Attorney, the U.S. Justice Department, and the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York for their outstanding assistance and cooperation.

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