

U.S. DEPARTMENT OF THE TREASURY

Press Center

**U.S. Treasury Department Announces Settlement With Lloyds TSB Bank, PLC**

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Settlement Reached for Apparent Violations of Treasury Sanctions Regulations

WASHINGTON – The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today announced a \$217 million settlement with Lloyds TSB Bank, plc (Lloyds), concerning the bank's intentional manipulation and deletion of information about U.S. sanctioned parties in wire transfer instructions routed through third-party banks located in the United States. Lloyds previously entered into deferred prosecution agreements with the Department of Justice and with the New York County District Attorney's Office for the same pattern of conduct.

Lloyds' apparent violations of Treasury regulations arose out of policies that began in the mid-1990s when, at the behest of and with the knowledge of its Iranian bank customers, Lloyds developed a policy of intentionally manipulating and deleting information about U.S. sanctioned parties in wire transfer instructions. OFAC's analysis of Lloyds' transactions indicated that, from June 2003 through August 2006, Lloyds routed at least 4,281 electronic funds transfers totaling nearly \$37 million through third-party banks located in the United States in apparent violation of the International Emergency Economic Powers Act and OFAC regulations related to Iran, Sudan, and Libya.

Lloyds ceased U.S. dollar (USD) clearing activities for Iranian bank customers in 2003 and indicated that it has terminated the entire scope of its alleged illegal activities. The bank has cooperated fully with OFAC. The bank conducted an investigation of the conduct described above and performed a transaction analysis of activity through USD correspondent accounts held by Iranian and Sudanese banks for the period between 2002 and 2007. Results of this investigation were promptly provided to OFAC.

As part of its settlement with OFAC, for the next two years, Lloyds will conduct annual reviews of the bank's policies, procedures, and a statistically significant sampling of USD payments to determine whether any payments subject to OFAC regulations are processed through, or on behalf of, any U.S. individual or entity. The United Kingdom's Financial Services Authority, Lloyds' primary regulator in the United Kingdom, will be involved in developing the scope of, and approving an independent third party to oversee, Lloyds' annual review.

Lloyds has agreed to settle the alleged violations of Treasury regulations for \$217 million. This obligation has been deemed satisfied by its prior \$350 million payment to the U.S. Department of Justice and the New York County District Attorney's Office arising out of the same pattern of conduct.

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