



responsibility for its conduct, which included processing financial transactions by wire into and through the United States and U.S. financial institutions on behalf of Iranian banks and other countries subject to U.S. sanctions. [Id. at Ex. A] (hereinafter, the “2012 Factual Statement”). In the 2012 DPA, SCB represented that it had stopped doing new business involving Iran in 2007. The purpose of the 2012 DPA was to allow SCB to demonstrate its future good conduct and implement remedial measures, including the enhancement and optimization of its sanctions compliance programs. Under the 2012 DPA, SCB also agreed to forfeit \$227 million.

After entering into the 2012 DPA, the Government learned through an unrelated investigation that SCB may have unlawfully processed U.S. dollar transactions for corporate and individual customers with possible ties to Iran and other U.S. sanctioned countries after 2007. SCB agreed to cooperate in the Government’s investigation into SCB’s post-2007 conduct.

In order to allow SCB additional time to demonstrate fulfillment of its obligations under the 2012 DPA, and to allow the Government additional time to continue its reopened investigation, on December 9, 2014, the parties agreed to an amendment of the 2012 DPA extending the expiration of the term of the 2012 DPA for an additional three years, from December 10, 2014, to December 10, 2017 [Dkt. Entry 8-1] (hereinafter, the “2014 DPA Amendment”). The 2014 DPA Amendment also required SCB to retain an independent compliance monitor pursuant to the parties’ Independent Compliance Monitor Agreement. [Dkt. Entry No. 8-2]

On July 28, 2015, with the consent of the United States, SCB engaged Navigant Consulting, Inc. to serve as the independent compliance monitor (the “Monitor”) under the 2014 DPA Amendment. The term of the monitorship was initially scheduled to expire on July 28, 2018, which was 36 months from the date of the Monitor’s engagement, however, the parties agreed to further extend the term of the monitorship through March 31, 2019. [Dkt. Entry Nos. 11 and 12]

The 2012 DPA, as amended by the 2014 DPA Amendment, was scheduled to expire on December 10, 2017. In order to allow SCB time to fulfill its obligations under the 2012 DPA and 2012 Factual Statement, and in order to allow the Government to continue to investigate possible historical violations of U.S. sanctions laws and regulations post-2007, the parties filed four subsequent amendments further extending the term of the 2012 DPA through April 10, 2019. [Dkt. Entry Nos. 10, 11, 12, and 13]

### **THE AMENDED DPA**

SCB has taken a number of steps and made significant progress to comply with the requirements of the 2012 DPA and 2012 Factual Statement and to enhance and optimize its U.S. economic sanctions compliance program, including, but not limited to: forming a special board committee with responsibility for overseeing SCB's overall financial crime compliance program; implementing additional and more rigorous U.S. sanctions policies and procedures, including numerous controls recommended by the Monitor; hiring new senior leadership and staff in its legal and financial crime compliance functions; certifying that it has trained relevant employees on complying with U.S. economic sanctions laws and regulations; implementing additional measures to block payment instructions from countries subject to U.S. sanctions laws and regulations; providing compliance training programs for SCB's global correspondent banking clients; upgrading its customer due diligence, transaction screening, and other compliance tools and technology; and improving its ability to assess and measure its sanctions compliance risk, to ensure its U.S. economic sanctions compliance program is effective.

The Government has completed its investigation into possible historical violations of U.S. sanctions laws and regulations by SCB after 2007. The investigation revealed that from 2007 through 2011, SCB knowingly and willfully conspired to violate U.S. laws by processing U.S. dollar transactions through the United States on behalf of customers of SCB's Dubai branch with

known Iranian connections and causing financial services to be exported from the United States to Iran in violation of U.S. economic sanctions. As a result of this criminal conspiracy, SCB processed approximately 9,500 transactions totaling approximately \$240 million through the U.S. financial system on behalf of SCB customers with known Iranian connections.

In consideration of the foregoing, the parties have agreed that the appropriate resolution of the above-described investigation is an Amended DPA which amends and supersedes the 2012 DPA, as previously amended, in its entirety. Under the Amended DPA, SCB agrees to the filing of a superseding criminal Information charging SCB with two counts of knowingly and willfully conspiring to violate IEEPA, in violation of Title 18, United States Code, Section 371 – the first count charging a criminal conspiracy from 2001 through 2007 that was the subject of the 2012 DPA, and the second count from 2007 through 2011 based on conduct discovered in the subsequent investigation. The Amended DPA incorporates a Supplemental Factual Statement detailing SCB's knowing and willful violations of U.S. sanctions laws and regulations for the time period from 2007 through 2011. The Amended DPA also requires SCB to (a) fully cooperate in related government investigations; (b) disclose evidence or allegations of violations of U.S. economic sanctions laws and regulations, (c) continue to implement a compliance program designed to prevent and detect violations of U.S. economic sanctions laws and regulations and to provide the United States with quarterly reports on the status of these efforts; and (d) to forfeit an additional \$240 million and pay a monetary penalty of \$480 million.<sup>1</sup> In exchange for these and other commitments, and SCB's remediation efforts to date, the United States agrees to defer any

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<sup>11</sup> As set forth in Paragraphs 7 through 9 of the Amended DPA, the Government will collect a portion of the fine (at least \$52,210,160) after crediting the amounts paid by SCB to the New York County District Attorney's Office in connection with the concurrent settlement of its related criminal action and a portion of the monetary penalties paid in connection with the concurrent settlement of certain civil enforcement actions.

prosecution of SCB for the conduct described in the Superseding Information and the factual statements attached to the Amended DPA for an additional two years, through April 9, 2021. In consideration of the progress in SCB's ongoing remediation and compliance efforts, including its comprehensive enhancement of its U.S. economic sanctions compliance program, the parties have agreed that no further extension of the independent compliance monitorship is required and, as a result, the Monitor's term expired on March 31, 2019.

SCB consents to this Notice and the accompanying Amended DPA.

WHEREFORE, the United States respectfully provides this notice that the United States is amending the DPA and the term of the Amended DPA will continue through April 9, 2021.

Respectfully submitted,

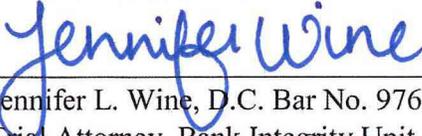
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