



Press Release

December 11, 2013

CUOMO ADMINISTRATION ANNOUNCES RBS TO PAY \$100 MILLION FOR VIOLATIONS OF LAW INVOLVING TRANSACTIONS WITH IRAN, SUDAN, OTHER REGIMES

Individuals Involved in Misconduct at RBS Terminated

Governor Andrew M. Cuomo's Administration today announced that The Royal Bank of Scotland (RBS) will pay \$100 million for violations of law in connection with transactions involving Iran, Sudan, other regimes and entities subject to international sanctions. Additionally, individuals at RBS who engaged in misconduct were disciplined, including through employee dismissals. Those who were terminated include RBS's Head of Global Banking Services for Asia, Middle East and Africa, and Head of the Money Laundering Prevention Unit for Corporate Markets, among others. Of the \$100 million, \$50 million will be paid to the New York State Department of Financial Services (DFS) and \$50 million will be paid to federal authorities.

"We have a vital responsibility to combat misconduct at banks and continue strengthening the long-term integrity of the financial system," said Governor Cuomo. "In New York, we will continue our aggressive work rooting out global money laundering that puts our national security at risk."

Benjamin M. Lawsky, Superintendent of Financial Services, said, "Our continued objective is to create higher standards for ethics and accountability at large banks. That will not happen overnight, but through a sustained effort – including strong enforcement of our anti-money laundering laws – we will work toward that critical goal. RBS took an important step by terminating a number of individual employees who engaged in misconduct. If we truly want to deter future wrongdoing, we should move increasingly toward exposing individual misconduct and holding individuals accountable."

As detailed in a DFS consent order, employees at RBS acted to conceal the identity of sanctioned clients by various means, including implementing formal procedures to strip out identifying data from payment messages. This misconduct represented threatened the safety and soundness of RBS and violated New York Law, including the obstruction of governmental administration, failure to report crimes and misconduct, offering false instruments for filing, and falsifying business records. The Bank agrees that the conduct at issue involved more than 3,500 transactions through New York correspondent banks valued at approximately \$523 million.

RBS employees in payment processing centers in the United Kingdom received written instructions containing a step-by-step guide on how to create and route U.S. dollar payment messages involving sanctioned entities through the United States to avoid detection. These instructions stated in relevant part:

IMPORTANT: FOR ALL US DOLLAR PAYMENTS TO A COUNTRY SUBJECT TO US SANCTIONS, A PAYMENT MESSAGE CANNOT CONTAIN ANY OF THE FOLLOWING: 1. The sanctioned country name. 2. Any name designated on the Office of Foreign Asset Control (OFAC) restricted list, which can encompass a bank name, remitter or beneficiary.

RBS cooperated in the Department's investigation and took disciplinary action against individual wrongdoers, and these factors were considered by DFS.

DFS, the U.S. Department of the Treasury, and the Federal Reserve consulted on each agency's money laundering investigation into RBS. Superintendent Lawskey thanked the federal authorities for their work and cooperation in this matter.