



Comptroller of the Currency
Administrator of National Banks



Joint Release

Financial Crimes Enforcement Network
Office of the Comptroller of the Currency

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FinCEN and OCC Assess \$24 Million Penalty against Arab Bank Branch

WASHINGTON – The [Financial Crimes Enforcement Network](#) and the [Office of the Comptroller of the Currency](#) announced today that they have each assessed a \$24 million civil money penalty against the New York Branch of Arab Bank for violations of the Bank Secrecy Act. Both penalties will be satisfied by a single \$24 million payment to the U.S. Department of the Treasury.

In taking these actions, the agencies determined that the New York Branch of Arab Bank failed to implement an adequate anti-money laundering program to comply with the Bank Secrecy Act and manage the risks of money laundering and terrorist financing in connection with United States dollar clearing transactions. The New York Branch also violated the suspicious activity reporting requirements of the Bank Secrecy Act.

“Today’s actions confirm the importance of establishing appropriate systems and controls to identify and timely report suspicious activity in connection with United States dollar clearing activities through correspondent banking relationships,” said William J. Fox, Director of the Financial Crimes Enforcement Network. When functioning as a correspondent or intermediary institution for funds transfers, the New York Branch of Arab Bank failed to implement sufficient internal controls and testing procedures to ensure compliance with the suspicious activity reporting requirements of the Bank Secrecy Act for transactions involving originators and beneficiaries that did not maintain an account directly with the New York Branch of Arab Bank.

“While the Bank Secrecy Act obligations associated with funds transfers involving non-accountholder originators and beneficiaries differ from transactions conducted by direct accountholders, intermediary and correspondent financial institutions must have systems and controls in place that are commensurate with the risks of money laundering and terrorist financing,” said Fox.

"It is vitally important that banks have effective anti-money laundering programs in place to ensure that the financial system is not used to facilitate terrorism or criminal activity," said Comptroller of the Currency John C. Dugan. "That doesn't mean that banks should cease doing business with legitimate customers or file unnecessary Suspicious Activity Reports. It does

mean that they must have a program in place that is sufficient to address the risk of their particular business activities."

These actions follow two separate enforcement actions in February in which the OCC required Arab Bank to take steps to preserve asset levels, pay off depositors and to improve its compliance program and internal controls. The February order also required the branch to convert to an uninsured agency office with limited banking activities and to shut down its wire transfer operations.

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