

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

NEW YORK STATE BANKING DEPARTMENT  
NEW YORK, NEW YORK

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Written Agreement by and among	)	
	)	
BANCO DE LA NACION ARGENTINA	)	Docket No. 06-034-WA/RB-FB
Buenos Aires, Argentina	)	06-034-WS/RB-FBR
	)	
BANCO DE LA NACION ARGENTINA	)	
NEW YORK BRANCH	)	
New York, New York	)	
	)	
FEDERAL RESERVE BANK OF NEW YORK	)	
New York, New York	)	
	)	
and	)	
	)	
NEW YORK STATE BANKING DEPARTMENT	)	
New York, New York	)	
_____	)	

WHEREAS, Banco de la Nación Argentina (the “Bank”), a foreign bank as defined in section 1(b)(7)) of the International Banking Act (12 U.S.C. § 3101(7)), and the New York branch of the Bank (the “New York Branch”) are taking steps to address deficiencies relating to the New York Branch’s compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”) policies and procedures, including the Bank Secrecy Act (the “BSA”) (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); the AML requirements of Regulation K of the Board of Governors of the Federal Reserve System (the “Board of Governors”)

(12 C.F.R. §§ 211.24(f) and 211.24(j)); and those of the New York State Banking Department (the “Department”) (3 N.Y.C.R.R. Part 300);

WHEREAS, it is the common goal of the Board of Governors, the Federal Reserve Bank of New York (the “Reserve Bank”), the Department, the Bank, and the New York Branch to ensure that the Bank and the New York Branch fully address all deficiencies in the New York Branch’s AML policies and procedures, customer due diligence practices, risk management processes, and internal control environment; and

WHEREAS, on February 15, 2007, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Gabriela Ciganotto and Patricio Suarez-Buyo to enter into this Written Agreement (the “Agreement”) on behalf of the Bank and the New York Branch, and consenting to compliance by the Bank, the New York Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u) and 1818(b)(4)), with each and every provision of this Agreement.

NOW, THEREFORE, the Reserve Bank, the Department (collectively, the “Supervisors”), the Bank, and the New York Branch hereby agree as follows:

**Primary Contact**

1. Within 10 days of this Agreement, the Bank and the New York Branch shall jointly designate an officer to be responsible for coordinating and submitting to the Supervisors the written programs, plans, policies, procedures, and engagement letter required under the terms and conditions of this Agreement.

## **Anti-Money Laundering Compliance**

2. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written BSA/AML compliance program for the New York Branch that is designed to improve the New York Branch's internal controls to ensure compliance with all applicable provisions of the BSA, the rules and regulations issued thereunder, the AML requirements of Regulation K of the Board of Governors, and 3 N.Y.C.R.R. Part 300. The program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA and the rules and regulations issued thereunder. At a minimum, the program shall include:

- (a) Procedures to ensure that an aggregate risk profile for the New York Branch is developed;
- (b) improvements to the New York Branch's system of internal controls for monitoring and reporting suspicious activity;
- (c) procedures to ensure that the program has adequate resources, including sufficient staff levels and systems infrastructure, to implement and maintain an effective program to comply with all applicable legal and regulatory AML requirements and the Bank's internal policies and procedures; and
- (d) measures to ensure that BSA/AML training is tailored to the employees of, and the activities conducted at, the New York Branch and to ensure that updated training is regularly conducted regarding amendments to BSA/AML laws, rules, and regulations, as well as any changes in compliance policies, procedures, and internal controls that are made at the New York Branch as a result of this Agreement.

### **Suspicious Activity Reporting and Customer Due Diligence**

3. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or suspected violations of law against or involving the New York Branch and suspicious transactions at the New York Branch to law enforcement and supervisory authorities as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

(a) Procedures to ensure that customer due diligence risk ratings for the New York Branch's existing accounts are periodically reassessed and appropriately updated based on the business activities of the customer and other information obtained following the initial risk rating of the customer;

(b) for correspondent accounts established, maintained, administered, or managed in the United States for a non-U.S. financial institution (including any non-U.S. branch or affiliate of the Bank), procedures that are designed to ensure compliance with applicable due diligence and other requirements (including the provisions of 31 C.F.R. §§ 103.176 and 103.177) and that, at minimum, provide for:

(i) obtaining and maintaining appropriate information regarding the respondent, with uniform application to all correspondent accounts, including, but not limited to, non-U.S. branches and affiliates of the Bank;  
and

(ii) requiring adequate documentation to support risk ratings of correspondent accounts, including, but not limited to, those of non-U.S. branches and affiliates of the Bank; and

(c) establishment of procedures and appropriate monitoring criteria to ensure proper detection and timely reporting of all known or suspected violations of law and suspicious transactions, including, but not limited to:

(i) effective monitoring of customer accounts and transactions, including transactions conducted through correspondent accounts and pouch activity;

(ii) appropriate participation by New York Branch senior management in the process of identifying, reviewing, and reporting potentially suspicious activity;

(iii) adequate referral and escalation of information about potentially suspicious activity to appropriate levels of management;

(iv) adequate procedures to ensure the timely and complete preparation and filing of Suspicious Activity Reports (“SARs”); and

(v) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns.

#### **Transaction Monitoring System**

4. (a) Within 45 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan, including a timetable, for the full installation, testing, and activation of improved transaction monitoring software appropriate for the customer accounts and transactions at the New York Branch. The plan also shall include

a methodology and target date for determining that the transaction monitoring system is effective.

(b) Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors acceptable written policies and procedures for the effective monitoring of the Branch's customer accounts and transactions that are designed to effectively manage legal and reputational risks and ensure compliance with regulatory requirements. The acceptable policies and procedures shall take effect upon the determination by a competent independent outside consultant (the "Outside Consultant") acceptable to the Supervisors that the new transaction monitoring system is fully effective. Documentation to support the determination that the new transaction monitoring system is fully effective shall be retained for subsequent supervisory review.

#### **Interim Transaction Monitoring Procedures**

5. Within 30 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors acceptable written interim transaction monitoring procedures for the New York Branch that shall remain in effect until the Outside Consultant, described in Paragraph 4, confirms, through the performance of appropriate tests, that the new transaction monitoring system described in paragraph 4 is fully effective. These interim procedures shall be developed with the assistance of the Outside Consultant and shall be designed to monitor the transactions of the New York Branch so that it can comply with applicable suspicious activity reporting requirements.

#### **Transaction Review**

6. Within 30 days of this Agreement, the Bank and the New York Branch shall jointly engage a qualified independent firm (the "Independent Firm") acceptable to the

Supervisors to conduct a review of account and transaction activity to determine whether suspicious activity involving accounts or transactions at, by, or through the New York Branch was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the “Transaction Review”), and to prepare a written report detailing the Independent Firm’s findings (the “Independent Firm’s Report”). The Transaction Review shall encompass all transaction activity at the New York Branch including, but not limited to, funds transfers, pouch activity, and correspondent banking activity for both affiliated and non-affiliated correspondent accounts. The Transaction Review shall cover the time period from June 30, 2005 to June 30, 2006. Based on the Supervisors’ evaluation of the Transaction Review, the Supervisors may, in their discretion, direct the Bank and the New York Branch to extend the Transaction Review to include time periods subsequent to January 1, 2004, with the scope and methodology for any such extension to be determined in the same manner as described in paragraph 7 of this Agreement.

7. Within 10 days of the engagement of the Independent Firm, but prior to the commencement of the Transaction Review, the Bank and the New York Branch shall jointly submit to the Supervisors for approval an engagement letter that sets forth:

- (a) The scope of the Transaction Review, including the types of accounts and transactions to be reviewed;
- (b) the methodology for conducting the Transaction Review, including any sampling procedures to be followed;
- (c) the expertise and resources to be dedicated to the Transaction Review;
- (d) the anticipated date of completion of the Transaction Review and the Independent Firm’s Report; and

(e) a commitment that supporting material associated with the Transaction Review will be made available to the Supervisors upon request.

8. Upon completion of the Transaction Review, the Bank and the New York Branch shall provide to the Supervisors a copy of the Independent Firm's Report at the same time that the report is provided to the Bank and the New York Branch.

9. Throughout the Transaction Review, the Bank and the New York Branch shall ensure that all suspicious matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

### **Office of Foreign Assets Control Compliance**

10. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan designed to enhance the New York Branch's compliance with the Office of Foreign Assets Control's ("OFAC's") regulations (31 C.F.R. § 500 et seq.), as well as any guidelines issued or administered by OFAC. At a minimum, the written plan shall include:

(a) The development of a methodology for the assessment of OFAC risks presented by the specific product lines, customer base, and nature of transactions conducted at, by, or through the New York Branch;

(b) appropriate screening procedures for identified high-risk areas; and;

(c) procedures to ensure that customer files contain complete documentation of all OFAC checks performed.

### **Approval, Implementation, and Progress Reports**

11. (a) The Bank and the New York Branch shall jointly submit written programs, plans, policies, procedures, and the engagement letter that are acceptable to the Supervisors

within the applicable time periods set forth in paragraphs 2, 3, 4(a), 4(b), 5, 7, and 10 of this Agreement. An Independent Firm acceptable to the Supervisors shall be retained by the Bank and the New York Branch within the period set forth in Paragraph 6 of this Agreement.

(b) Within 10 days of approval by the Supervisors, the Bank and the New York Branch shall adopt the approved programs, plans, policies, procedures, and engagement letter. Upon adoption, the Bank and the New York Branch shall implement the approved programs, plans, policies, and procedures and thereafter fully comply with them.

(c) During the term of this Agreement, the approved programs, plans, policies, procedures, and engagement letter shall not be amended or rescinded without the prior written approval of the Supervisors.

12. Within 20 days after the end of each month following this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. Management responses to any audit reports covering BSA/AML matters prepared by internal and external auditors shall be included with the progress reports. The Supervisors may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

### **Notices**

13. All communications regarding this Agreement shall be sent to:

(a) Mr. Daniel A. Muccia  
Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

- (b) Mr. David S. Fredsall  
Deputy Superintendent  
New York State Banking Department  
One State Street  
New York, New York 10004
- (c) Ms. Gabriela Ciganotto C.P.A.  
Chairperson of the Board and President  
Banco de la Nación Argentina  
Bartolome Mitre 326  
(1036) Buenos Aires  
Republica Argentina
- (d) Mr. Patricio Suarez-Buyo  
Senior Vice President & General Manager  
Banco de la Nación Argentina  
New York Branch  
225 Park Avenue, 3rd Floor  
New York, New York 10169

**Miscellaneous**

14. The provisions of this Agreement shall be binding on the Bank, the New York Branch, and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

15. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Supervisors.

16. Notwithstanding any provision of this Agreement, the Supervisors may, in their sole discretion, grant written extensions of time to the Bank and the New York Branch to comply with any provision of this Agreement.

17. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Supervisors, or any other federal or state agency from taking any further or other action affecting the Bank, the New York Branch, or any of their current or former institution-affiliated parties or their successors or assigns.

18. This Agreement is a “written agreement” for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the Federal Deposit Insurance Act, and by the Department pursuant to section 39 of the New York State Banking Law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 2<sup>nd</sup> day of March, 2007.

BANCO DE LA NACION ARGENTINA

FEDERAL RESERVE BANK OF  
NEW YORK

By: \_\_\_\_\_/s/\_\_\_\_\_  
Ms. Gabriela Ciganotto C.P.A.  
Chairperson of the Board and President

By: \_\_\_\_\_/s/\_\_\_\_\_  
Mr. Daniel Muccia  
Senior Vice President

BANCO DE LA NACION ARGENTINA,  
NEW YORK BRANCH

NEW YORK STATE BANKING  
DEPARTMENT

By: \_\_\_\_\_/s/\_\_\_\_\_  
Mr. Patricio Suarez-Buyo  
Senior Vice President & General Manager

By: \_\_\_\_\_/s/\_\_\_\_\_  
David S. Fredsall  
Deputy Superintendent