

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

SECOND SUPPLEMENTAL
CONSENT ORDER UNDER
NEW YORK BANKING LAW
§§ 39 and 44

STANDARD CHARTERED BANK,
NEW YORK BRANCH
_____ X

The New York State Department of Financial Services (“the Department”) and Standard Chartered Bank (“SCB” or the “Bank”) (collectively the “Parties”) stipulate that:

WHEREAS, SCB is a foreign bank with complex operations and multiple business lines and legal entities in many countries worldwide, conducting global operations through various subsidiaries and entities, including its branch in New York, New York (“SCB-NY”);

WHEREAS, the Department is the licensing agency of SCB-NY, pursuant to Article II of the New York Banking Law, responsible for its supervision and regulation;

WHEREAS, on August 6, 2012, the Department commenced an enforcement action against SCB in connection with apparent violations of several New York laws and regulations including, but not limited to, New York Banking Law Section 44, arising out of SCB’s financial dealings with Iranian entities;

WHEREAS, on September 21, 2012, the Parties stipulated and agreed in a consent order to resolve this enforcement action and require SCB to remediate the Department’s findings of certain deficiencies and apparent violations of laws and regulation (the “2012 Consent Order”);

WHEREAS, pursuant to the 2012 Consent Order, SCB agreed to engage an on-site independent monitor (the “SCB Monitor”) for a period of twenty-four months to examine and

evaluate SCB-NY's Bank Secrecy Act and Anti-Money Laundering ("BSA/AML") operations, including SCB-NY's transaction monitoring system;

WHEREAS, the Department and the Bank entered into a second Consent Order, dated August 19, 2014 (the "2014 Consent Order"), to resolve a second enforcement action. In the 2014 Consent Order SCB agreed to (1) take certain remedial measures, including with respect to its transaction monitoring system, and (2) extend the period of its engagement of the SCB Monitor for a period of two additional years, to ensure compliance with the 2012 Consent Order and all applicable BSA/AML requirements;

WHEREAS, to facilitate continued progress of the Bank towards completion of the objectives and requirements of the above-mentioned enforcement actions, the Department and the Bank entered into a Supplemental Consent Order, dated April 17, 2016, that extended the term of the SCB Monitor through December 31, 2018 (the "2016 Supplemental Consent Order");

WHEREAS, in particular and without limitation, SCB-NY is continuing to upgrade its systems to achieve a more effective transaction monitoring system, as agreed under the terms of the 2014 Consent Order; and

WHEREAS, the Department recognizes that the Bank has demonstrated its commitment to complying with state and federal anti-money laundering and sanctions laws and regulations through its substantial remediation and enhancement of its BSA/AML compliance program under the oversight of the Department.

NOW, THEREFORE, in light of the Bank's significant progress in the remediation and enhancement of its BSA/AML compliance program, the Parties agree and stipulate to the terms and conditions below to facilitate completion of the objectives of the above-mentioned enforcement actions:

1. The term of the engagement of the SCB Monitor shall expire December 31, 2018.
2. Commencing January 1, 2019, and for a period of up to one year (with the Department retaining sole discretion to extend the time period for up to one additional year), the Bank shall engage an independent consultant to (a) provide guidance to the Bank in connection with its achievement of tasks necessary to complete remediation contemplated by the 2012 Consent Order and 2014 Consent Order, and (b) assist the Department in reviewing the remediation of the Bank's compliance programs (the "Independent Consultant"). The Department shall select the Independent Consultant in the exercise of its sole discretion.
3. The Bank and the Independent Consultant shall agree to a workplan that will guide the objectives, responsibilities and activities of the Independent Consultant. However, the Department retains and shall exercise sole discretion to direct the course of the Bank's remediation efforts pursuant to the 2012 Consent Order, 2014 Consent Order, 2016 Supplemental Consent Order and this Order.
4. All other terms and conditions of the 2012 Consent Order, 2014 Consent Order and 2016 Supplemental Consent Order remain in full force and effect.
5. In the event that the Department believes the Bank to be in material breach of this Second Supplemental Consent Order, the Department will provide written notice to the Bank and the Bank must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.
6. The Parties understand and agree that the Bank's failure to make the required showing within the designated time period shall be presumptive evidence of the Bank's breach.

Upon a finding that the Bank has breached this Second Supplemental Consent Order, the Department retains all remedies and relief available to it under the New York Banking and Financial Services Laws, and may use any evidence available to the Department in any ensuing orders, hearings or notices.

7. The Parties understand and agree that no provision of this Second Supplemental Consent Order is subject to review in any court or tribunal outside the Department.

8. This Second Supplemental Consent Order is binding on the Department and the Bank, as well as any successors and assigns. This Second Supplemental Consent Order does not bind any federal or other state agency or law enforcement authority.

9. All notices or communications regarding this Second Supplemental Consent Order shall be sent to:

For the Department:

Megan Prendergast Millard
Deputy Superintendent
for Enforcement
New York State Department of Financial Services
One State Street
New York, NY 10004

Elizabeth Nochlin
Director of Investigations and Intelligence
New York State Department of Financial Services
One State Street
New York, NY 10004

Samantha Jacobson
Excelsior Fellow
New York State Department of Financial Services
One State Street
New York, NY 10004

For SCB:

Scott Corrigan
General Counsel, Europe & Americas
Standard Chartered Bank
1095 Avenue of the Americas
New York, NY 10036

10. Each provision of this Second Supplemental Consent Order shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Department.

11. No promise, assurance, representation, or understanding other than those contained in this Second Supplemental Consent Order has been made to induce any party to agree to the provisions of this Second Supplemental Consent Order. For the avoidance of doubt, the scope of this Second Supplemental Consent Order is strictly limited to the terms and conditions of the 2012 Consent Order, 2014 Consent Order and 2016 Supplemental Consent Order. This Second Supplemental Consent Order does not provide any release or immunity concerning any other violation of law or regulation.


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IN WITNESS WHEREOF, the Parties hereto have caused this Second Supplemental Consent Order to be executed this 21st day of November, 2018.

**STANDARD CHARTERED
BANK**

By: 
BILL WINTERS
Group Chief Executive

**NEW YORK STATE DEPARTMENT OF
FINANCIAL SERVICES**

By: 
MATTHEW L. LEVINE
Executive Deputy Superintendent for
Enforcement