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Barclays Bank PLC Agrees to Forfeit \$298 Million in Connection with Violations of the International Emergency Economic Powers Act and the Trading with the Enemy Act

WASHINGTON – Barclays Bank PLC, a United Kingdom corporation headquartered in London, has agreed to forfeit \$298 million to the United States and to the New York County District Attorney's Office in connection with violations of the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA), announced Assistant Attorney General Lanny A. Breuer of the Criminal Division and District Attorney Cyrus R. Vance Jr., of the New York County District Attorney's Office. The violations relate to transactions Barclays illegally conducted on behalf of customers from Cuba, Iran, Sudan and other countries sanctioned in programs administered by the Office of Foreign Assets Control (OFAC).

A criminal information was filed Aug. 16, 2010, in the U.S. District Court for the District of Columbia charging Barclays with one count of violating the IEEPA and one count of violating the TWEA. Barclays waived indictment, agreed to the filing of the information, and has accepted and acknowledged responsibility for its criminal conduct. Barclays agreed to forfeit the funds as part of the deferred prosecution agreements reached with the Department of Justice and the New York County District Attorney's Office. The deferred prosecution agreement was approved today by U.S. District Court Judge Emmet G. Sullivan.

"Banks like Barclays will not be permitted to disregard sanctions put in place by the U.S. government," said Assistant Attorney General Lanny A. Breuer of the Criminal Division. "Not just once, but numerous times over more than a decade, Barclays stripped vital information out of payment messages that would have alerted U.S. financial institutions about the true origins of the funds. This serious conduct has now resulted in a serious sanction – forfeiture of \$298 million, a public admission of its illegal acts, and the implementation of stringent compliance measures. As I've said repeatedly, when corporations self-disclose their criminal wrongdoing to us, as Barclays did, they will not get a pass, but we will take their disclosure, cooperation and remedial efforts into consideration."

"Criminal activity of the type we found at Barclays does more than deceive our financial institutions, it threatens the security of our country," said District Attorney Cyrus R. Vance Jr. "The Manhattan District Attorney's Office has been a leader in these investigations, and I am committed to continuing our work with federal law enforcement agencies in this arena."

"Barclays implemented practices designed to evade U.S. sanctions for the benefit of sanctioned countries and persons," said OFAC Director Adam J. Szubin. "The substantial economic benefit to sanctioned parties and the systemic nature of the apparent violations could have resulted in a much more onerous OFAC fine had Barclays not voluntarily self-disclosed and had it not cooperated with OFAC throughout the investigation. This is the first settlement of this magnitude where OFAC determined that all of the apparent violations were voluntarily self-disclosed by the bank."

Under IEEPA and TWEA, it is a crime to willfully violate, or attempt to violate, any regulation issued under the act, including those related to Cuba, Iran, Libya, Sudan and Burma. The IEEPA and TWEA regulations are administered by OFAC.

According to court documents, from as early as the mid-1990s until September 2006, Barclays knowingly and willfully moved or permitted to be moved hundreds of millions of dollars through the U.S. financial system on behalf of banks from Cuba, Iran, Libya, Sudan and Burma, and persons listed as parties or jurisdictions sanctioned by OFAC in violation of U.S. economic sanctions.

According to court documents, Barclays followed instructions, principally from banks in Cuba, Iran, Libya, Sudan and Burma, not to mention their names in U.S. dollar payment messages sent to Barclays' branch in New York and to other financial institutions located in the United States. Barclays routed U.S. dollar payments through an internal Barclays account to hide the payments' connection to OFAC-sanctioned entities and amended and reformatted the U.S. dollar payment messages to remove information identifying the sanctioned entities. Barclays also deliberately used a less transparent method of payment messages, known as cover payments, as another way of hiding the sanctioned entities identifying information.

"Barclays Bank has admitted a decade-long pattern of violating U.S. banking laws, and taking certain steps to conceal prohibited transactions," said FBI Assistant Director-in-Charge Janice K. Fedarecyk. "Corporate responsibility entails more than just acting discreetly on behalf of one's clients. It means, first and foremost, acting lawfully."

"In the world's increasingly complex financial markets, it's critical that global institutions follow U.S. law, including sanctions against other countries," said Victor S. O. Song, Chief, Internal Revenue Service (IRS) Criminal Investigation. "The IRS is proud to share its hallmark financial investigative expertise in this and other increasingly sophisticated financial investigations. Creating new strategies of cooperation among governments on international financial compliance is a top priority for the IRS."

Barclays' forfeiture of \$149 million to the United States and \$149 million to the New York County District Attorney's Office will settle forfeiture claims by the Department of Justice and the state of New York. In light of the bank's remedial actions to date and its willingness to acknowledge responsibility for its actions, the department will recommend the dismissal of the information in two years, provided Barclays fully cooperates with, and abides by, the terms of the deferred prosecution agreement.

OFAC has also entered into a settlement agreement with Barclays for IEEPA violations that will require Barclays to pay \$176 million, which is concurrent with the forfeiture paid as a result of the deferred prosecution agreements. The Federal Reserve Board and the New York State Banking Department announced today the issuance of a consent order to cease and desist against Barclays. The order requires Barclays to improve its program for compliance with U.S. economic sanctions requirements on a global basis.

The case was prosecuted by Senior Trial Attorney Frederick Reynolds and Trial Attorney Kevin Gerrity of the Criminal Division's Asset Forfeiture and Money

Laundering Section (AFMLS). The case was investigated by the FBI's New York Field Office and the IRS-Criminal Investigation's Washington Field Division and Jeremy Wade and Laurie Bender of AFMLS. The Department of Justice expresses gratitude to Executive Assistant District Attorney, Chief of Investigation Division Adam Kaufmann; Principal Deputy Bureau Chief Gary Fishman; Assistant District Attorneys Richard Preiss and Aaron Wolfson of the New York County District Attorney's Office, Major Economic Crimes Bureau. The Department of Justice also expresses gratitude to the OFAC, the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System and the New York State Banking Department for their significant and valuable assistance.

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Criminal Division