



News**Direct Links****Key Topics****Press Room****About Treasury****Offices**

- Domestic Finance
- Economic Policy
- General Counsel
- International Affairs
- Management
- Public Affairs
- Tax Policy
- Terrorism and Financial Intelligence
- Office of Foreign Assets Control
- Designation Lists & Financial Advisories
- Publications and Legislation Programs and Initiatives

Treasurer

Bureaus**Education****Site Policies and Notices**

Office of Foreign Assets Control

RECENT OFAC ACTIONS

[Full List](#) | [Previous](#) | [Next](#)

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08/18/2010

Barclays Bank PLC Settles Allegations of Violations of Multiple Sanctions Programs.

Barclays Bank PLC has agreed to settle allegations of violations of the Sudanese Sanctions Regulations, 31 C.F.R. Part 538; the Iranian Transactions Regulations, 31 C.F.R. Part 560; the Burmese Sanctions Regulations, 31 C.F.R. Part 537; and the Cuban Assets Control Regulations, 31 C.F.R. Part 515, promulgated under either the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-06 or the Trading With the Enemy Act ("TWEA"), 50 U.S.C. App. §§ 1-44. [Barclays' settlement with the Office of Foreign Assets Control \("OFAC"\)](#) is part of a global settlement among Barclays, OFAC, the U.S. Department of Justice, and the New York County District Attorney's Office. The bank agreed to settle with OFAC the alleged violations of OFAC regulations for \$176,000,000, with the obligation deemed satisfied by a payment of \$298,000,000 to the Department of Justice and the New York County District Attorney's Office. The Board of Governors of the Federal Reserve System and the New York State Banking Department have taken regulatory action against the bank through the issuance of a consent Cease and Desist Order. The British Financial Services Authority, as the home country regulator of Barclays, will be assisting OFAC and the U.S. bank supervisors in assuring proactive remediation.

Barclays' apparent violations arose out of practices designed to circumvent filters at U.S. banks installed to detect transactions in violation of OFAC regulations. This was done using cover payments to avoid referencing parties targeted by U.S. sanctions and omitting or removing information in payment messages in order to conceal the identities of U.S. sanctions targets – most notably Sudan – in electronic funds transfer instructions executed through the United States. In addition, Barclays sometimes processed payments involving sanctioned persons through a Barclays sundry account, making it appear as though Barclays was the remitting bank. Based on OFAC's analysis of information provided by Barclays, from August 2002 through September 2006, Barclays routed at least 1,285 electronic funds transfers, with an aggregate value of approximately \$112,695,000, through Barclays New York and third-party banks located in the United States, in apparent violation of IEEPA or TWEA and the OFAC regulations related to the sanctions programs cited above.

Barclays has terminated the practices that led to the alleged illegal activities, has cooperated fully with OFAC, and has put in place policies and procedures that are designed to minimize the risk of the recurrence of similar conduct in the future. Barclays voluntarily self-disclosed the apparent violations under the terms of OFAC's Economic Sanctions Enforcement Guidelines ("the Guidelines"). The total base penalty amount under the Guidelines for all apparent violations was approximately \$218,971,000. OFAC mitigated the total potential penalty based on Barclays' substantial cooperation, its remediation, the fact that OFAC had not issued a penalty notice or Finding of Violation against Barclays in the five years preceding the transactions at issue, and Barclays' willingness to enter into tolling agreements with OFAC. Mitigation was also extended because a number of the Sudan transactions involved the export of agricultural products. At the same time, aggravating circumstances – including the recklessness of the apparent violations, awareness of the conduct by relevant managers within the bank, and sophistication of the institution – partially offset the amount of mitigation.

For the next two years, Barclays will conduct annual reviews of its policies and procedures and their implementation, and an appropriate risk-based sampling of U.S. dollar payments to ensure that its OFAC compliance program is functioning effectively to detect, correct, and report OFAC-sanctioned transactions when they occur. The entire Settlement Agreement between OFAC and Barclays is posted under the Selected Settlement Agreements section of this website.

