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Safety & Soundness

FDIC Removes Examples of Merchant Classes in Reissued Guidance Regarding Relationships with Third-Party Payment Processors

On July 28, 2014, the Federal Deposit Insurance Corporation (FDIC) issued Financial Institution Letter (FIL) 41-2014 to clarify its supervisory approach to institutions that establish account relationships with third-party payment processors (TPPPs). The FDIC said it will reissue guidance and an information article to remove previously listed examples of merchant classes:

- FIL-127-2008, *Guidance on Payment Processor Relationships*;
- FIL-3-2012, *Payment Processor Relationships, Revised Guidance*;
- FIL-43-2013, *FDIC Supervisory Approach to Payment Processing Relationships With Merchant Customers That Engage in Higher-Risk Activities*; and
- An informational article, *Managing Risks in Third-Party Payment Processor Relationships*, released in the Summer 2011 edition of *Supervisory Insights*.

The FDIC stated that insured institutions that properly manage customer relationships are neither prohibited nor discouraged from providing services to any customer operating in compliance with applicable law. The FDIC stated that the examples of merchant categories listed in the guidance and the article to be reissued were intended to illustrate trends identified by the payments industry at the time the guidance and the article were released, but had "resulted in the misperception that the listed examples of merchant categories were prohibited or discouraged."

The FDIC reviews and assesses the extent to which institutions follow the outstanding guidance governing account relationships with TPPPs during regular FDIC safety and soundness examinations. The agency states that it will not criticize institutions for establishing and maintaining such account relationships if the institutions are following the outstanding guidance. Further, the guidance states that insured institutions that engage in customer relationships with TPPPs should assess their risk tolerance for this type of activity and develop an appropriate risk management framework that includes policies and procedures to address due diligence, underwriting, and ongoing monitoring.

FDIC *Supervisory Insights* Focuses on the Use of Consultants by Community Banks and Evolving Risks in Banking

On July 29, 2014, the Federal Deposit Insurance Corporation (FDIC) released Financial Institution Letter (FIL) 42-2014 to announce the issuance of the Summer 2014 edition of its *Supervisory Insights*. The letter highlights two articles: one that discusses the FDIC's efforts to assist community banks in managing their regulatory responsibilities, and one that discusses trends in "Matters Requiring Board Attention" (MRBA). Current and previous issues of *Supervisory Insights* are available on the FDIC Web site.

The article entitled, *Alternatives to Consultants: Meeting Regulatory Expectations with Internal Resources*, is directed toward community banks and describes cost-effective alternatives to working with consultants, including drawing on the expertise of board and staff members who

have the needed skills and independence. It highlights tools and information that are available from the FDIC to assist community banks in managing their regulatory responsibilities and recommends maintaining a dialogue with FDIC staff to clarify regulatory expectations. Bankers are also encouraged to access technical assistance and clarification from FDIC field and regional office staff regarding whether internal or external resources are necessary to maintain a sound and compliant risk management framework.

The article entitled, *Supervisory Trends: Matters Requiring Board Attention Highlight Evolving Risks in Banking*, describes the MRBA categories cited most often at satisfactorily rated institutions and highlights trends in these categories on a year-to-year basis from 2010 through 2013.

Senate Subcommittee Hearing Examines GAO Report on Expectations of Government Support for Bank Holding Companies

On July 31, 2014, the Senate Committee on Banking, Housing, and Urban Affairs' Subcommittee on Financial Institutions and Consumer Protection conducted a hearing entitled, *Examining the GAO Report on Expectations of Government Support for Bank Holding Companies*. Lawrance L. Evans, Jr., Director of Financial Markets and Community Investment at the U.S. Government Accountability Office (GAO), presented the GAOs report, *Large Bank Holding Companies: Expectations of Government Support.* It is the second of two reports the GAO is issuing on the topic of the economic benefits the largest bank holding companies (those with more than $500 billion in total consolidated assets) have received as a result of actual or perceived government support.

Director Evans discussed the GAO's findings, some of which were based on interviews with regulators, bank holding companies, ratings agencies, investment firms, corporate bank customers, and authors of relevant studies. He said the GAO found:

- Many market participants believe that recent regulatory reforms have reduced but not eliminated the likelihood the federal government would prevent the failure of one of the largest bank holding companies.
- In response to reforms, two of three major rating agencies reduced or removed the assumed government support they incorporated into some large bank holding companies' overall credit ratings. Credit rating agencies and large investors cited the Orderly Liquidation Authority as a key factor influencing their views. Several large investors viewed the resolution process as credible though others cited potential challenges, such as the risk that multiple failures of large firms could destabilize markets.
- Remaining market expectations of government support can benefit large bank holding companies if they affect credit ratings or investors' or customers' decisions.

Director Evans also discussed the extent to which the largest bank holding companies have received funding cost advantages as a result of perceptions that the government would not allow them to fail. He stated that the studies reviewed by GAO generally found that the largest financial institutions had lower funding costs during the 2007-2009 financial crisis, though the models provided mixed results regarding these advantages in recent years. However, they do generally suggest the differences in funding costs may have declined or reversed.

Three professors and a representative of a policy research organization also testified at the hearing and disagreed with findings in the GAO report. Some witnesses said that expectations of government support are embedded in the credit spreads of bonds issued by large U.S.

financial institutions, which allows them to borrow at subsidized rates. One witness said, “Any market TBTF (too big to fail) expectation is hardly fixed, but is necessarily a changing reality.”

House Committee on Financial Services Passes Multiple Regulatory Relief Bills

On July 30, 2014, the House Committee on Financial Services passed multiple regulatory relief bills as well as a bill intended to make the Federal Reserve Board (Federal Reserve) more transparent and accountable. The following is a brief description of the bills:

- H.R. 3240, the *Regulation D Study Act*, would instruct the Comptroller General of the United States to study the impact of Regulation D;
- H.R. 4042, the *Community Bank Mortgage Service Asset Capital Requirements Study Act of 2014*, would require a study of appropriate capital requirements for mortgage servicing assets for non-systemic banking institutions.
- H.R. 5148, the *Access to Affordable Mortgages Act of 2014*, would amend the *Truth in Lending Act* to exempt certain higher-risk mortgages from property appraisal requirements and exempt individuals from penalties for failure to report certain appraisers, and amend the *Financial Institutions Reform, Recovery, and Enforcement Act of 1989* to exempt certain higher-risk mortgages from property appraisal requirements.
- H.R. 3913, would amend the *Bank Holding Company Act of 1956* to require agencies to make considerations relating to the promotion of efficiency, competition, and capital formation before issuing or modifying certain regulations.
- H.R. 4329, the *Native American Housing Assistance and Self-Determination Reauthorization Act of 2014*" would reauthorize the *Native American Housing Assistance and Self-Determination Act of 1996*
- H.R. 5018, the *Federal Reserve Accountability and Transparency Act of 2014*, would amend the *Federal Reserve Act* to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, and would establish requirements for certain activities of the Federal Reserve.

Enterprise & Consumer Compliance

CFPB Extends Comment Period for Proposed Complaint Narrative Policy

On July 29, 2014, the Consumer Financial Protection Bureau (CFPB or Bureau) announced in a blog posting that it was extending, by one month, the comment period for the Notice of Proposed Policy Statement previously issued on July 16, 2014. As proposed, the new policy would give consumers the option to publicly share narrative data for their complaints about consumer financial products and services on the CFPB’s Web-based “Consumer Complaint Database.” Comments are now due to the CFPB on September 22, 2014,

Under the proposed Policy Statement, the Bureau would disclose only those consumer complaint narratives for which the Bureau has obtained "informed consent" and for which the Bureau has taken "reasonable steps to remove" consumers' private information. Companies related to the public complaint would be given opportunity to respond and the company's narrative text would appear next to the consumer's narrative in the Consumer Complaint Database. Again, the Bureau will take "reasonable steps" to remove consumers' personally identifying information from the company's narrative. The Bureau is specifically seeking comment on the proposed Personal Information Scrubbing Standard and Methodology contained in the Proposed Policy.

CFPB Releases Results of Study on Overdraft Charges

On July 31, 2014, the Consumer Financial Protection Bureau (CFPB or Bureau) released a report, *Data Point: Checking Account Overdraft*, which presents the results of analyses conducted by the Bureau at a number of large banks on customers' experiences with overdrafts. Many of the results are broken down by an account holder's status under Regulation E requirements (also known as "opt-in status"), which generally require financial institutions to obtain affirmative consent from account holders to be charged fees for overdraft coverage on automated teller machine (ATM) and non-recurring point of sale (POS) debit card transactions.

Key findings of the report indicate:

- Transactions that lead to overdrafts are generally small. The majority of debit card overdraft fees are incurred on transactions of $24 or less; the median amount of a transaction that leads to an overdraft for all debit types is $50.
- Most overdraft fees are paid by a small percentage of consumers. About 8 percent of accounts incur approximately 75 percent of overdraft fees.
- More than half of consumers pay back negative account balances within three days and three-quarters repay the balance within one week.
- Consumers use debit cards to pay for purchases nearly three times more than writing checks or paying bills online.
- The number of overdraft transactions and fees vary substantially with opt-in status. Nearly one in five opted-in consumers had overdrafts more than ten times per year. And, opted-in consumers pay seven times more in overdraft and non-sufficient funds (NSF) fees per year.
- Among the banks in the study, overdraft and NSF fees represent more than half of the fee income on consumer checking accounts.

The CFPB said the study reflects a significant portion of U.S. consumer checking accounts. The study was supplemented by other research and responses to a CFPB Request for Information issued to the public in February 2012. The CFPB intends to do further studies on how overdraft programs works, how they affect consumers, and what consumer protections may be necessary for overdraft and related services.

CFPB Partners with Social Services Organizations to Provide Financial Education to Lower Income Consumers

On July 30, 2014, the Consumer Financial Protection Bureau (CFPB or Bureau) announced that it is partnering with national and local organizations to train social services staff to provide financial education and tools to clients with low-to-moderate incomes. As part of the initiative, the CFPB also introduced an online toolkit, *Your Money, Your Goals*, which is

intended to train social services staff to help their clients learn financial decision-making skills. Available in English and Spanish, the toolkit includes information, checklists, and worksheets consumers can use in their everyday lives.

CFPB and 13 State Attorneys General Issue Consent Order Against a Nonbank Consumer Lender for Illegal and Deceptive Practices

The Consumer Financial Protection Bureau (CFPB or Bureau) and 13 state attorneys general charged a California-based consumer lending company and its wholly owned subsidiary, collectively "the company," with violations of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act) and the *Truth in Lending Act* (TILA). It alleges that the company hid finance charges when marketing products, withheld required financial information from billing statements, and deceptively, unfairly, and abusively collected debt that was not owed.

The CFPB and the state attorneys general obtained approximately $92 million in debt relief for about 17,000 U.S. servicemembers and other consumers harmed by the company's lending practices. The company is required to notify all consumers that debt collections activities will cease. In addition, the trustee of the company is required to provide credit reporting agencies with updated information showing that the affected consumers have satisfied their debts. The company and two of its owners received permanent bans from conducting any business related to consumer lending. Because the company is in bankruptcy, requirements to refund excess finance charges were suspended and a requirement to pay civil money penalties was reduced to a $1 payment to the CFPB's Civil Penalty Fund.

CFPB Director Cordray Testifies at House Subcommittee Hearing Regarding Allegations of Discrimination and Retaliation at Bureau

On July 30, 2014, Richard Cordray, Director of the Consumer Financial Protection Bureau (CFPB or Bureau), testified before the House Committee on Financial Services' Subcommittee on Oversight and Investigations (Subcommittee) at a hearing entitled, *Allegations of Discrimination and Retaliation and the CFPB Management Culture*. The hearing was intended to provide a forum for Director Cordray to address, and the Subcommittee to continue its investigation into, the allegations.

Director Cordray said the speed with which the Bureau was built caused the agency to "not get everything right" for its employees. He said an "especially sore spot" with employees was the Bureau's system for reviewing and assessing employee performance. Following an internal analysis of the second-year performance reviews, Director Cordray said the Bureau found ratings disparities across a wide range of employee characteristics and it since has discarded the system, replacing it with a two-year level performance review system. The Bureau is adjusting prior performance-related compensation for the two years during which CFPB "employees may have been adversely affected by the flaws in the prior system." It is also conducting dozens of Bureau-wide listening sessions with employees to learn about their experience with equality and fairness.

Director Cordray said the Bureau has an Equal Employment Opportunity complaint process and a grievance process for employees to initiate and seek resolution of any allegations of discrimination and harassment. Some Subcommittee members told Director Cordray that to change the culture at the CFPB, managers who were tied to the allegations should be

reprimanded. One Committee members said the Government Accountability Office has agreed to look into the matter.

Senate Committee on Banking, Housing, and Urban Affairs Holds Hearing on Financial Products for Students

On July 31, 2014, the Senate Committee on Banking, Housing, and Urban Affairs (the Committee) held a hearing entitled, *Financial Products for Students: Issues and Challenges*. Four witnesses, including representatives of a research group, university, and banking trade group presented testimony and offered possible solutions to some of the challenges in the student financial products market.

Challenges identified by most of the witnesses were related to:

- Students not "maxing-out" on the federal student loans available to them;
- Students obtaining private student loans without the knowledge or involvement of their institution of higher education; and
- The growing use of prepaid debit cards by educational institutions to disburse federal student aid funds.

Some of the recommendations made by the witnesses included:

- Requiring that the institution be informed when a student has applied for and will receive a private education loan so that the institution can make the student aware of available federal financial aid;
- Requiring school certification for all private education loans;
- Requiring students to be made aware of their choices with regard to financial products when student loans proceeds are issued in the form of prepaid debit cards;
- Providing a single Web site where students can see all of their education borrowings from federal, institutional, and private sources; and
- Prohibiting arrangements that permit an educational institution or its employees to benefit financially from the making of a private education loan or the provision of other financial products to students.

Capital Markets & Investment Management

CFTC Extends Designation of DTCC-SWIFT as LEI Provider

The Commodity Futures Trading Commission (CFTC) has issued an Amended and Restated Order to extend the CFTC's designation of the Depository Trust and Clearing Corporation (DTCC) and the Society for Worldwide Interbank Financial Telecommunication (SWIFT) joint venture (DTCC–SWIFT) as the provider of legal entity identifiers (LEIs), pursuant to the CFTC's swap data recordkeeping and reporting rules.

DTCC-SWIFT's initial designation was made for a two year term by a CFTC order on July 23, 2012. At that time, the CFTC was participating in an international process to establish a global LEI system, into which the DTCC-SWIFT LEIs were expected to transition. This global LEI

system is not yet fully operational and, accordingly, the Amended and Restated Order extends DTCC-SWIFT's designation as the provider of LEIs for one additional year.

Consistent with the terms of the CFTC's order of July 23, 2012, as previously amended on June 7, 2013, the Amended and Restated Order permits registered entities and swap counterparties subject to the CFTC's jurisdiction to comply with the specified LEI requirements of the CFTC's regulations by using identifiers issued by DTCC–SWIFT, or any other pre-Local Operating Unit (pre-LOU) that has been endorsed by the Regulatory Oversight Committee (ROC) of the global LEI system as being globally acceptable and as issuing globally acceptable LEIs.

The Amended and Restated Order also clarifies that LEIs issued by such ROC-endorsed pre-LOUs—including LEIs issued by DTCC-SWIFT—are now known as LEIs, rather than "pre-LEIs" or "CICIs." Going forward, previously issued pre-LEIs and CICIs will be known as LEIs and will not need to be reissued.

The DTCC-SWIFT utility was initially referred to as the CICI utility but is now known to the public as the Global Markets Entity Identifier (GMEI) utility. A full list of the pre-LOUs that have been endorsed by the ROC as globally acceptable are available on Web site of the Legal Entity Identifier Regulatory Oversight Committee, or LEIROC.

SEC Division of Enforcement Modifies Municipalities Disclosure Initiative

On July 31, 2014, the Securities and Exchange Commission (SEC) announced modifications to its Division of Enforcement's Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. The modifications are expected to provide greater opportunity for smaller municipal securities underwriter firms and municipal issuers to take advantage of the initiative.

The MCDC initiative, announced on March 10, 2014, is intended to address potentially widespread violations of the federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations about continuing disclosures in bond offering documents. Under the initiative, the SEC's Division of Enforcement (Division) agreed to recommend standardized settlement terms for municipal issuers and underwriters who self-report that they have made inaccurate statements in bond offerings about their prior compliance with continuing disclosure obligations under the *Securities Exchange Act of 1934*. In particular, the Division will recommend that the SEC accept settlement terms for eligible underwriters that, among other things, include payment of civil penalties up to specified amounts.

The announced modifications allow issuers and obligors more time to complete their reporting requirements. The deadline to self-report potential violations from September 10, 2014, to December 1, 2014; however, the deadline for underwriters remains unchanged at September 10, 2014. With respect to underwriters, the Division has determined that to implement a tiered approach to civil penalties based on the size of the firm would encourage smaller underwriters to participate in the initiative.

SEC Awards Whistleblower for Reporting Fraud

On July 31, 2014, the Securities and Exchange Commission (SEC) announced an award of more than $400,000 for a whistleblower who provided the SEC with "specific, timely and credible information" that allowed the SEC to perform a more rapid investigation of fraud than would have otherwise been possible. The SEC stated that the whistleblower had tried on several occasions and through several mechanisms to have the matter addressed internally at the company. The whistleblower reported a fraud to the SEC after the company failed to address the issue internally. The SEC stated that the award recognizes the significance of the information that the whistleblower provided as well as the efforts the whistleblower made both to protect investors and to report the violation internally, and the personal and professional injuries that the whistleblower suffered in bringing the violations to light.

The SEC's whistleblower program rewards high-quality, original information that results in an SEC enforcement action with sanctions exceeding $1 million. Whistleblower awards can range from 10 percent to 30 percent of the money collected in a case. The percentage awarded in this case was not disclosed.

Enforcement Actions

The Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) recently announced the following enforcement actions:

- The SEC charged a Nevada-based manufacturing company with violations of the *Foreign Corrupt Practices Act* (FCPA). The SEC alleges that employees and representatives of the firm made improper payments and provided gifts to foreign officials in an attempt to win sales contracts. Without admitting or denying the charges, the company agreed to settle the charges and pay a $2 million penalty.
- The SEC charged the former chief operating officer (COO) of a New-York based hedge fund advisory firm with assisting in a scheme to misappropriate millions of dollars from a hedge fund managed by the firm and its owner to pay the owner's personal expenses. The former COO admitted the wrongdoing and agreed to pay a $200,000 penalty and to be prohibited from working in the securities industry for two years. The advisory firm and its owner settled the SEC's charges in 2013 and paid an $18 million penalty.
- The SEC charged a New York-based penny stock company and its chief executive officer (CEO) with violating antifraud provisions of federal securities laws by misleading investors about their true business operations and finances. Without admitting or denying the charges, the CEO agreed to a permanent injunction, to pay a $100,000 penalty and penny stock bars. A business partner was previously charged.
- The SEC charged a CEO and a former chief financial officer (CFO) of a Florida-based computer equipment company with violations of the *Sarbanes-Oxley Act of 2002* and the *Securities Exchange Act* for misrepresenting the state of its internal controls over financial reporting to external auditors and the investing public. Without admitting or denying the SEC's findings, the CFO agreed to settle the charges by paying a $23,000 penalty, and to be barred from serving as an officer or director of a publicly traded company for five years and to be suspended for five years from practicing as an accountant on behalf of any publicly traded company or other entity regulated by the SEC. The SEC will litigate its case against the CEO separately.
- The SEC announced that a California-based broker, previously charged in connection with a variable annuities scheme, has agreed to settle the charges brought against him by paying more than $850,000, admitting to the wrongdoing, and being barred from the securities industry.

- The SEC charged a Virginia-based broker with fraud for misappropriating $730,289 of customer funds for personal use and falsifying customer account statements to cover the fraud. In settling the SEC's charges, the broker agreed to a permanent injunction and disgorgement. In a parallel action, federal criminal charges were also filed against the broker.
- The CFTC issued an Order filing and simultaneously settling charges against a New York-based CFTC-registered Futures Commission Merchant (FCM) that is a wholly-owned subsidiary of a global financial services firm. The CFTC alleges that the FCM submitted inaccurate reports to the CFTC relating to the required reporting of positions held by certain large traders whose accounts it carries. The reporting violations occurred despite the CFTC notifying the FCM of numerous errors in its reports. The CFTC Order requires the FCM to pay a $650,000 civil monetary penalty to address its unlawful conduct. The CFTC also ordered the FCM to submit a certified statement of compliance within 120 days of the entry of the CFTC Order stating that it has completed enhancements to its systems and procedures related to reporting of delivery notices and Exchange For Related Positions (EFRPs), and has tested such systems and procedures to ensure that they now comply with the requirements of the *Commodity Exchange Act* and CFTC Regulations.
- The CFTC brought and settled charges against a foreign bank for acts of false reporting and attempted manipulation of the London Interbank Offered Rate (LIBOR) for sterling, U.S. dollar, and yen. The CFTC also brought and settled charges that the bank at times, aided and abetted the attempts of derivatives traders at another foreign bank to manipulate Yen LIBOR. Without admitting or denying the charges, the bank agreed to pay a $105 million penalty and to adhere to specific undertakings to ensure the integrity of LIBOR submissions in the future. In a related action, the U.S. Department of Justice (DOJ) entered into a deferred prosecution agreement with the bank, deferring criminal wire fraud charges in exchange for the bank's continuing cooperation and agreement to an $86 million penalty.
- The CFTC filed a civil enforcement complaint against three defendants for operating a scheme that defrauded retail customers in connection with off-exchange, financed precious metals transactions. The defendants received approximately $2.6 million from investors in the scheme. Separately, the defendants received approximately $900,000 from customers for the purchase or sale of commodity futures and options, without registering with the CFTC as a Futures Commission Merchant. The CFTC is seeking disgorgement of ill-gotten gains, restitution for the benefit of customers, civil monetary penalties, permanent registration and trading bans, and a permanent injunction from future violations of the *Commodity Exchange Act.*

Recent Supervisory Actions against Financial Institutions

Last Updated: August 1, 2014

Agency	Institution Type	Action	Date	Synopsis of Action
CFPB, State Attorneys General	Nonbank Consumer Lender	Consent Order	07/29	The Consumer Financial Protection Bureau and 13 state attorneys general issued a Consent Order against a nonbank consumer lender to address violations of the unfair, deceptive, or abusive acts or practices provisions of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the *Truth in Lending Act*. The Consent Order requires the company to provide approximately $92 million in debt relief to harmed consumers, which included approximately 17,000 U.S. servicemembers and other consumers.
Federal Reserve Board	State Member Bank	Civil Money Penalty		The Federal Reserve Board issued an Order to Assess Civil Money Penalties against an Iowa-state member bank to address violations of the National Flood Insurance Act.
CFPB, FTC	Law Firms	Complaint	07/23	The Consumer Financial Protection Bureau initiated complaints against three companies and individuals for violations of Regulation O and the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. Related to their collection of more than $25 million in illegal advance fees for services that falsely promised to prevent foreclosures or renegotiate troubled mortgages. The CFPB is seeking compensation for victims, civil fines, and injunctions. Separately, the Federal Trade Commission filed six lawsuits, and states are taking 32 actions against foreclosure relief scammers in a nation-wide sweep.
FDIC	Banking Entities	Settlement	07/14	The Federal Deposit Insurance Corporation, as receiver for three failed banks, announced a $208,250,000.00 settlement with five entities of a large bank related to misrepresentations in the offering documents for 24 residential mortgage-backed securities (RMBS) purchased by the failed banks.
CFPB	Law Firm	Complaint	07/14	The Consumer Financial Protection Bureau initiated a complaint against a law firm for violations of the Fair Debt Collection Practices Act (FDCPA) and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) related to its use of use of deceptive court filings and faulty evidence. The CFPB is seeking compensation for victims, a civil fine, and an injunction against the firm and its partners
CFPB	Payday Lender	Consent Order	07/11	The Consumer Financial Protection Bureau initiated an enforcement action against a payday lender to address findings of unfair, deceptive, and abusive practices related to debt collection by the company and its third-party debt collectors. The company is required to pay a total of $10 million in refunds to harmed borrowers and civil money penalties. .
Federal Reserve Bank	Foreign Bank, U.S. Branch	Written Agreement	06/30	The Federal Reserve Bank entered into a Written Agreement with a foreign bank to address deficiencies related to Bank Secrecy Act/anti-money laundering compliance by its New York Branch. The agreement included provisions related to corporate governance and management oversight, BSA/AML compliance review and program, customer due diligence, suspicious activity monitoring and reporting, transaction review, Office of Foreign Assets Control compliance, and internal audit.

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