NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

In the Matter of Crédit Agricole S.A. Crédit Agricole Corporate & Investment Bank New York Branch	CONSENT ORDER UNDER NEW YORK BANKING LAW §§ 39 and 44

The New York State Department of Financial Services (the "Department"), Crédit Agricole Corporate & Investment Bank New York Branch (the "New York Branch"), and Crédit Agricole S.A., Paris, France ("CASA"), (collectively with the New York Branch, "Crédit Agricole" or "the Bank") stipulate that:

WHEREAS the Bank is a foreign bank with complex global operations and multiple business lines and legal entities, conducting business in many countries world-wide, including from its subsidiary, Crédit Agricole Corporate and Investment Bank ("CACIB," formerly Calyon), which is the Bank's corporate and investment banking subsidiary, operating in more than 30 countries, including the United States at, *inter alia*, the New York Branch; and

WHEREAS the Department is the licensing agency of the New York Branch, pursuant to Article II of the New York Banking Law ("NYBL") and is responsible for its supervision and regulation; and

WHEREAS from at least August 1, 2003 through 2008 (the "Review Period"), the Bank (through its head office in Paris; its subsidiary, CACIB, in Paris, London, Singapore, Hong Kong, and the Gulf (Dubai and Bahrain); and its subsidiary in Geneva) employed non-transparent methods to process more than $32 billion in U.S. dollar payments through the New York Branch and other banks with offices in New York, most of which were on behalf of

Sudanese, Iranian, Burmese and Cuban entities subject to U.S. economic sanctions, ("Sanctioned Parties"),[1] including entities appearing on the List of Specially Designated Nationals and Blocked Persons (the "SDN List") of the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC");[2] and

WHEREAS of the $32 billion of transactions at issue, more than 4,000, valued at approximately $442 million, were illegal under various U.S. Sanctions programs related to the Sanctioned Parties; and

WHEREAS the Bank processed 280 transactions totaling approximately $50 million involving SDNs; and

WHEREAS the above transactions lacked information for the New York Branch and other financial institutions with offices in New York to identify the source or destination of the funds; and

WHEREAS by knowingly processing these non-transparent payments for Sanctioned Parties, by use of (i) internal instructions to omit the names of Sanctioned Parties and (ii) the

[1]U.S. dollar clearing is the process by which U.S. dollar-denominated transactions are satisfied between counterparties through a U.S. bank. The Society of Worldwide Interbank Financial Telecommunications ("SWIFT") is a vehicle through which banks exchange wire transfer messages with other financial institutions, including U.S. correspondent banks. SWIFT messages contain various informational fields.

[2]As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are required to be blocked and U.S. persons, including financial institutions, are generally prohibited from dealing with them.

cover payment method,[3] the Bank effectively concealed the involvement of banks and other entities located in or controlled by Sanctioned Parties in the processing of U.S. dollar transactions; and

WHEREAS by knowingly processing these non-transparent payments for Sanctioned Parties, the Bank rendered the New York Branch's compliance function ineffective; failed to maintain accurate records related to the transactions; weakened controls at the New York Branch and at its other correspondent, New York-based financial institutions, that were designed to detect potentially illegal transactions, and prevented effective review by regulators and other U.S. authorities, and by the Bank's own New York Branch staff; and

WHEREAS by knowingly processing these non-transparent payments for Sanctioned Parties, the Bank's conduct was also at odds with Federal and New York State laws and regulations, and further raised substantial safety and soundness concerns for the Department, including concerns related to the Bank's obstruction of governmental administration, offering false instruments for filing, and falsifying business records and the Bank's failure to maintain accurate books and records and its failure to report crimes and misconduct,

NOW THEREFORE, to resolve this matter without further proceedings pursuant to the Superintendent's authority under Sections 39 and 44 of the Banking Law, the Department and the Bank agree to the following:

[3]At the time of the Review Period, two payment methods -- the serial and the cover payment methods -- could be used to process U.S. dollar payments without transparency. With the serial method, a SWIFT MT 103 Single Customer Credit Transfer message was sent from the ordering customer's financial institution, through correspondent banks, to the beneficiary customer's financial institution. With the cover payment method, the MT 103 was exchanged directly between the financial institutions that serviced the customer accounts. A separate covering MT 202 General Financial Institution Transfer message was sent to clear and settle the payment at the inter-bank level. Use of the MT 202 cover message made it possible to convey incomplete information on all parties involved in the transaction. In other words, the correspondent banks that processed the MT 202s did not receive any information about the ordering and beneficiary customers; about any other financial institution prior to the sender or following the receiver of the MT 103, or about parties possibly mentioned in the remittance information.

Background

1. Through ownership of certain subsidiaries and its 2003 purchase of Crédit Lyonnais, the Bank owns and has consolidated Crédit Lyonnais (Suisse) S.A., Crédit Agricole Indosuez (Suisse) S.A., and Crédit Agricole (Suisse) S.A., (collectively "the Geneva Subsidiary").

2. About ninety percent of the Bank's illegal transactions (which was approximately 80% of the total value of the Bank's illegal transactions), were processed by the Geneva Subsidiary, in a manner which often hid the involvement of Sanctioned Parties in transactions from compliance staff of the New York Branch. In doing so, the Bank's Geneva staff prevented the New York Branch compliance professionals from obtaining information necessary to detect Sanctioned Parties to transactions.

3. Other foreign branches of the Bank's subsidiary, CACIB, similarly participated in a scheme to transmit messages that intentionally omitted information that could have triggered alerts in U.S. sanctions filters.

4. The transactions described herein were identified by the Bank through its voluntary internal review of U.S. dollar transactions during the Review Period.

Policies to Conceal Transactions

5. The Bank developed and implemented policies and procedures for processing these U.S. dollar-denominated transfers through the New York Branch in a manner that was designed to conceal relevant information that would have permitted the institutions and their regulators to determine whether the transactions were lawful and consistent with New

York State and U.S. laws and regulations.[4]

6. Many of the Bank's policies and procedures to omit identifying details about Sanctioned Parties to U.S. dollar transactions were reviewed and approved by its highest-level legal and compliance staff. Accordingly, it was the policy of the Bank, as directed by its compliance professionals, to intentionally omit Sudanese, Iranian, Burmese or Cuban information from U.S. dollar denominated payment messages.

7. Both compliance and business professionals at the Geneva Subsidiary directed, processed and oversaw these U.S. dollar transactions with the mentality that "[u]nder the territoriality of the laws principle, our Swiss activities are only subject to [laws] in force in Switzerland and not those in force abroad." Indeed, written economic sanctions directives from the Geneva Subsidiary's compliance managers that were in place throughout the Review Period assured staff that, with respect to U.S. dollar transactions, "the effect of the OFAC [SDN] list does not have any reach (outside of the United States)."

8. Similarly, interviews of numerous Bank employees, including its legal and compliance professionals, revealed that many of the Bank's staff who were involved with, or had knowledge of, the Bank's business with Sanctioned Parties claimed ignorance of U.S. sanctions laws and the fact that they applied or could be applied to foreign banks engaged in U.S. dollar denominated transactions – despite contrary admonitions from their colleagues at the New York Branch.

[4]For example, an internal memorandum circulated within the Calyon London branch cautioned staff in 2005 that "no mention of Iran is made" [on the SWIFT message transiting through the U.S.]. The memo further stated that "**we have been routing USD payments in the manner specified below in order to prevent funds being seized by the U.S. authorities**. The various departments involved in this process […] are aware of this special treatment as procedures have been implemented to cover this aspect of operational risk. **The matter has also been passed through [the Bank's] compliance and Legal to ensure that all aspects are covered**." (emphasis added).

Processing of Illegal Sudanese Transactions

9. The Bank acquiesced to its clients' requests to continue to engage in sanctions violations on their behalf. One such client, which described the crisis in the Darfur region of Sudan as an "exaggeration in the media," urged the Bank to continue to process U.S. dollar payments related to Sudan anyway. The client averred that "whilst one must not underestimate the humanitarian cost of any conflict [in Darfur]," it would nevertheless be a "great pity" for the Bank to "throw [ ] away" its position "as a serious player in the financial markets" in Sudan during "a period of vastly improved economic prospects brought about by the discovery of oil" in the region.

10. During the Review Period the Bank processed more than 4,000 transactions in violation of U.S. economic sanctions for Sudan. These transactions were processed through New York without the benefit of any information to identify Sudanese parties, goods or geographic location. In general, instructions were issued to hide clients' identities on transactions transiting through New York. For example, a Sudanese bank client frequently sent the following request to the Geneva Subsidiary: "DON'T MENTION SUDAN ON THIS PAYMENT ORDER. PLS SEND DIRECT TO BENEF. BANK. DON'T MENTION BANK NAME ON COVER PAYMENT."

11. Typically, when an illegal transaction was caught in a sanctions filter, it was not by the Bank's own filter at its New York Branch, but instead by the filter of another U.S. bank. On one occasion, in reaction to another New York bank's rejection of one such illegal Sudanese transaction originated by the Geneva Subsidiary, a compliance officer of the New York Branch lamented, "the details of the [letter of credit] retained in Switzerland show however that the furniture was shipped to Port Sudan in Sudan (OFAC violation). This

information was again not mentioned in [ ] the MT 202 payment instruction and as a result could not be stopped by our system."

12. In addition to intentionally omitting information to identify sanctioned Sudanese parties on payment messages, the Bank's Geneva employees were also encouraged to complete these otherwise illegal U.S. dollar transactions using a method fabricated by the Anti-Money Laundering Committee ("CLAB") of the Bank's Geneva Subsidiary, known internally as the "Sudanese U-turn."[5] In reality, no U.S. law or regulation ever permitted such an exception to otherwise prohibited transactions with sanctioned Sudanese parties by use of a two-stepped non-transparent "Sudanese U-turn." Still, with no legal basis, "the Committee decided that [Sudanese] 'U-TURN' transactions are authorized when the underlying reason (for the transaction) is strictly limited to commercial transactions." Blessed by an Anti-Money Laundering committee of the Bank, the "Sudanese U-turn" permitted Geneva Subsidiary employees to send wire messages through New York that intentionally omitted all references to Sudan and complete U.S. dollar denominated transactions undetected.

13. The Bank's Geneva compliance staff, which is in charge of all sanctions compliance for Geneva, noted passively that despite U.S. sanctions, the fact that Sudanese entities had letters of credit with the Bank "opened in USD [made it] no longer possible (or very difficult through an amendment to which all the parties adhere!) to change the currency when the payment becomes due. This seems to explain why [a senior manager's] recommendations [consistent with U.S. sanctions laws] were not accurately followed."

[5]Prior to November 2008, U.S. financial institutions were authorized by the Treasury Department to process certain funds transfers for the direct or indirect benefit of certain ***Iranian*** parties, provided such payments were initiated offshore by a non-Iranian, non-U.S. financial institution and only passed through the U.S. financial system en route to another offshore, non-Iranian, non-U.S. financial institution.

Procedures to Conceal Iranian Transactions

14. Similarly, written policies and procedures directing employees to omit information that would identify Iranian parties to U.S. dollar payments processed by the Bank were drafted by a relationship manager dealing in Iranian business and approved by CASA Compliance in Paris. These "special treatment" procedures acknowledged the operational risk for conducting these transactions in violation of U.S. laws and regulations, but allowed nevertheless that "our bank has been dealing with these [Iranian] counterparts for over 14 years and in line with market practice and as customary to all our competitors in this market, we have been routing USD payments in the manner specified below **in order to prevent funds being seized by the US authorities**. The various departments involved in this process, i.e. front, middle and the back office, are aware of this special treatment as procedures have been implemented to cover this aspect of operational risk. The matter has also been passed through compliance and Legal to ensure that all aspects are covered…The method for [U.S. dollar] payments is as follows: **no mention of Iran is made on this instruction**." (emphasis added).

15. Compliance staff in the Geneva Subsidiary's Office of the General Secretariat drafted a presentation in 2006 entitled, *Compliance Embargos*, which listed for employees the following non-transparent steps to be taken to effect Iranian-related U.S. dollar transactions: "Transfer instruction (MT 202) sent to Bank A's U.S. correspondent (Bank), **WITH NO MENTION OF IRAN**…no reference to Iran is made regarding this [MT 202 cover payment] transaction." (emphasis in original).

16. Similar policies were circulated between the Bank's head office in Paris, the London branch and the Geneva Subsidiary, under the title "*Methodology to be adopted when making payments in US dollars.*" The instructions directed that "**we send a separate MT**

202 (bank to bank transfer) to our NY correspondent instructing the transfer of USD xxx to the NY correspondent of the receiver of the MT 103. No mention is made on this message of payment to any Iranian counterpart or beneficiary. Thus, the message containing the "Iranian details" is not sent to the U.S." (emphasis added).

17. The known purpose and result of this policy was to hide from U.S. regulators and authorities the participation of entities in U.S. dollar denominated transactions and to prevent U.S. institutions from performing required screening for the presence of Sanctioned Parties on U.S. dollar denominated transactions.

Violations of Law and Regulations

18. The Bank failed to maintain an effective and compliant OFAC compliance program, in violation of 3 NYCRR § 116.2.

19. The Bank failed to maintain or make available at its New York Branch true and accurate books, accounts and records reflecting all transactions and actions, in violation of New York Banking Law § 200-c.

20. The Bank's employees knowingly made and caused to be made false material entries in the Bank's books, reports and statements and omitted and caused to be omitted therefrom true entries pertaining to the U.S. dollar clearing business of the Bank at its New York Branch, with the intent to deceive the Superintendent and examiners of the Department and representatives of other U.S. regulatory agencies that were lawfully appointed to examine the Bank's condition and affairs at its New York Branch, in violation of 3 NYCRR § 3.1.

21. The Bank failed to submit a report to the Superintendent immediately upon discovering fraud, dishonesty, making of false entries and omission of true entries, and other misconduct, whether or not a criminal offense, in violation of 3 NYCRR § 300.1.

Settlement Provisions

Monetary Payment:

22. The Bank shall make payment of a civil monetary penalty to the Department pursuant to Banking Law § 44 in the amount of $385,000,000.00. The Bank shall pay the entire amount within ten (10) days of executing the Consent Order. The Bank agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

Termination of Bank Employee:

23. While the vast majority of the Bank employees who were centrally involved in the improper conduct discussed in this Consent Order no longer work at the Bank, one such individual does remain employed by the Bank, a relationship manager who at the time had responsibility for Iranian clients and drafted the September 2005 memo detailing the Bank's policy on non-transparency related to U.S. dollar payments for Iranian clients, known as "*Special Treatment of Iranian Related Payments*."

24. The Department orders the Bank to take all steps necessary to terminate the employment of the said employee, who played a key role in the conduct discussed in this Consent Order but remains employed by the Bank.

25. If, after taking whatever actions that are necessary to terminate the employment of the said employee, a judicial or regulatory determination or order is issued

finding that such action is not permissible under French law, then the employee shall not be permitted to hold or assume any duties, responsibilities, or activities involving compliance, U.S. dollar payments, or any matter related to U.S. operations.

Independent Consultant:

26. The Bank, the New York Branch and the Department agree to retain an independent consultant ("IC") for one (1) year to conduct a comprehensive review of the Bank's existing BSA/AML and OFAC sanctions compliance programs, policies and procedures in place at the New York Branch, specifically with respect to transactions between the New York Branch and the Bank, including all of the Bank's branches outside the U.S., including those transactions performed outside the U.S. that pertain to or affect activities conducted by or through the New York Branch.

27. The IC will oversee, evaluate, and test the implementation of those programs, as well as the BSA/AML and OFAC sanctions compliance programs that operate outside the U.S. and that pertain to or affect activities conducted by or through the New York Branch. For the avoidance of doubt, it shall not be the responsibility of the IC to oversee, evaluate and test compliance with the laws of any jurisdiction other than those of the United States and any jurisdiction within the United States.

28. The IC will be selected by the Department in the exercise of its sole discretion, and will report directly to the Department.

29. Among other things, the IC will review and report on:

a. The elements of the Bank's corporate governance that contributed to or facilitated the improper conduct discussed in this Consent Order and that permitted it to go on, relevant changes or reforms to its corporate

governance that the Bank has made since the time of the conduct discussed in this Consent Order, and whether those changes or reforms are likely to significantly enhance the Bank's BSA/AML and OFAC compliance going forward;

b. The thoroughness and comprehensiveness of the Bank's current global BSA/AML and OFAC compliance program;

c. The organizational structure, management oversight, and reporting lines that are relevant to BSA/AML and OFAC compliance, and an assessment of the staffing of the BSA/AML and OFAC compliance teams, including the duties, responsibilities, authority, and competence of officers or employees responsible for the Bank's compliance with laws and regulations pertaining to BSA/AML or OFAC compliance;

d. The propriety, reasonableness, and adequacy of any proposed, planned, or recently-instituted changes to the Bank's BSA/AML and OFAC compliance programs;

e. Any corrective measures necessary to address identified weaknesses or deficiencies in the Bank's corporate governance or its global BSA/AML and OFAC compliance program.

30. The Bank agrees that it will fully cooperate with the IC and support its work by, among other things, providing the IC with access to all relevant personnel, consultants and third-party service providers, files, reports, or records, whether located in New York, France, Geneva, or elsewhere, consistent with the duties of the IC contained herein, and consistent with applicable law.

31. Within forty-five (45) days of receiving the IC's preliminary written report on its findings, the Bank will submit to the Department a written plan to improve and enhance the current global BSA/AML and OFAC compliance program that pertains to or affects activities conducted by or through the New York Branch, incorporating any relevant corrective measures identified in the IC's report (the "Action Plan").

32. The Action Plan will, if required, provide recommendations for enhanced internal controls and updates or revisions to current policies, procedures, and processes in order to ensure full compliance with all applicable provisions of the BSA and related rules and regulations, OFAC requirements and regulations, and the provisions of this Consent Order. If so provided by the IC, and upon written consent of the Department, the Bank will commence implementation of the IC's recommendations.

33. Within forty-five (45) days of receiving the IC's preliminary written report of findings, the Bank will submit to the Department a written plan to improve and enhance management oversight of BSA/AML and OFAC compliance programs, policies and procedures now in place at the Bank that pertain to or affect activities conducted by or through the New York Branch (the "Management Oversight Plan").

34. The Management Oversight Plan will address relevant matters identified in the IC's written report of findings and provide a sustainable management oversight framework. Upon written consent from the Department, the Bank will commence implementation of the changes.

35. The IC will thereafter oversee the implementation of any corrective measures undertaken pursuant to the Action Plan and Management Oversight Plan.

36. Finally, the IC will assess the Bank's compliance with its corrective measures and will submit subsequent progress reports and a final report to the Department and the Bank, at intervals to be determined by the Department. The Department may, in its sole discretion, extend any reporting deadline set forth in this section.

37. The term of the IC's engagement will extend for one (1) year from the date of the formal engagement. Any dispute as to the scope of the IC's authority or mandate will be resolved by the Department in the exercise of its sole discretion, with appropriate consultation with the Bank and the IC.

Breach of the Consent Order:

38. In the event that the Department believes the Bank to be materially in breach of the Consent Order ("Breach"), the Department will provide written notice to the Bank of the Breach and the Bank must, within ten (10) business days from the date of receipt of said notice, or on a later date if so determined in the sole discretion of the Department, appear before the Department to demonstrate that no Breach has occurred or, to the extent pertinent, that the Breach is not material or has been cured.

39. The Parties understand and agree that the Bank's failure to make the required demonstration within the specified period is presumptive evidence of the Bank's Breach. Upon a finding of Breach, the Department has all the remedies available to it under New York Banking and Financial Services Law and may use any and all evidence available to the Department for all ensuing hearings, notices, orders and other remedies that may be available under the New York Banking and Financial Services Laws.

Waiver of Rights:

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

Parties Bound by the Consent Order:

41. It is further understood that the Consent Order is binding on the Department and the Bank, as well as their successors and assigns that are within the supervision of the Department, but it specifically does not bind any federal or other state agencies or any law enforcement authority.

42. No further action will be taken by the Department against the Bank for the conduct set forth in the Consent Order, provided that that Bank complies with the terms of the Consent Order.

43. Notwithstanding any other provision contained in the Consent Order, however, the Department may undertake action against the Bank for transactions or conduct that the Bank did not disclose to the Department in the written materials that the Bank submitted to the Department in connection with this matter.

Notices:

44. All communications regarding this Order shall be sent to:

Elizabeth Nochlin
Assistant Counsel
New York State Department of Financial Services
One State Street
New York, NY 10004

Megan Prendergast
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One State Street
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Pierre Minor
Head of Compliance
Crédit Agricole S.A.
50, avenue Jean Jaurès
92120 Montrogue Cedex France

Catherine Duvaud
Head of Compliance
Crédit Agricole Corporate and Investment Bank
9, Quai du Président Paul Doumer
92920 Paris La Défense Cedex France

Miscellaneous:

45. Each provision of the Consent Order will remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Department.

46. No promise, assurance, representation, or understanding other than those contained in the Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

IN WITNESS WHEREOF, the parties hereto have caused this Consent Order to be executed as of this 15th day of October, 2015.

CRÉDIT AGRICOLE S.A.

By: _____
PHILIPPE BRASSAC
Chief Executive Officer

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By: _____
ANTHONY J. ALBANESE
Acting Superintendent

10/19/15

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: _____
JEAN-YVES HOCHER
Chief Executive Officer