U.S. DEPARTMENT OF THE TREASURY

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Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey Remarks at a Press Conference on Joint $536 Million Settlement with Credit Suisse AG

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Today's announcement of a $536 million global settlement with Credit Suisse represents by far the largest sanctions settlement in the history of Treasury's Office of Foreign Assets Control. I would like to begin by thanking the Attorney General and the Justice Department for their hard work on this important case. I would also like to recognize the tremendous partnership we have had with District Attorney Robert Morgenthau in New York. This month marks the end of Mr. Morgenthau's long and distinguished career in government service, and this case is emblematic of his groundbreaking and legendary work over some 35 years.

Today's settlement arises out of Credit Suisse's processing of thousands of transactions over a 20 year period that concealed the involvement of sanctioned parties and routing of wire transfers and securities transactions through the United States that never should have touched our shores. The great majority of the transactions involved Iran. This case was egregious under OFAC's enforcement guidelines because of a number of aggravating factors, including the substantial economic benefit to sanctioned parties, the scope and severity of the apparent violations and the awareness of the conduct within the bank.

With respect to funds transfers, Credit Suisse employed elaborate procedures to ensure that the involvement of sanctioned parties was not apparent to the U.S. banks involved in the transactions. The bank's London affiliate even utilized code names to disguise the identities of sanctioned entities. These practices were neither reasonable nor authorized under U.S. law.

Credit Suisse turned a blind eye to indicators that should have led to these kinds of practices ending much sooner. Credit Suisse learned that another international bank had ceased to handle Iranian banks' U.S. dollar clearing business. Instead of perceiving potential risk, Credit Suisse saw a business opportunity and sought to take over the business. As a result, the number of apparently illicit payments involving Iran that passed through the United States increased dramatically from 2002 to 2005.

This case also provides a critical and timely lesson about the Iranian Government's use of deceptive practices to evade sanctions and the fact that banks that do business with Iran expose themselves to the risk of becoming involved in Iran's proliferation and terrorism activities. Sometimes Iran is able to persuade banks to assist in its deceptive schemes; other times banks find themselves unwitting victims of this nefarious conduct. Iranian banks request that their names be removed from transactions so that their involvement cannot be detected. Sanctioned Iranian banks increasingly rely on other Iranian banks to conduct transactions on their behalf. And even Iran's major shipping line, the Islamic Republic of Iran Shipping Lines, repeatedly changes the names of its ships and manipulates bills of lading to shield prohibited cargo from scrutiny. These tactics are only the tip of the iceberg.

It is because of these kinds of tactics that the overwhelming majority of major banks and an increasing number of other companies are forgoing business with Iran altogether. They have determined it is simply not worth the risk. Indeed, this risk was apparently recognized by Credit Suisse when the bank decided to stop virtually all business with Iran. The bank also decided to cooperate with governmental investigations into the apparent sanctions violations that led to today's settlement. As significant as today's settlement is, the resulting penalty would have assuredly been higher if Credit Suisse had not pursued that course.

Governments have a responsibility to protect the integrity of the financial system. The Financial Action Task Force, or FATF, the world's premier standard-setting body for combating terrorist financing and money laundering, has warned repeatedly of the risks posed by Iran to the international financial system, calling three times for all countries to implement countermeasures to protect against these risks. So far, governments around the world have not done enough to implement these calls, leaving our financial system exposed to these risks at a time when financial system integrity is more important than ever.

But it is the private sector and particularly financial institutions that are on the front lines. The business decisions they make not only affect their reputations, but also the integrity of the financial system as a whole. This is a heavy burden to carry – and it is one that should counsel a very careful weighing of the risks before continuing or taking on any business with Iranian entities.

In conclusion, I want to recognize the extraordinary work of OFAC Director Adam Szubin and his team in pursuing this case and in helping to protect our financial system from the kind of abuse we have highlighted today.

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