

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of: )  
The Federal Branch of Arab Bank PLC, ) AA-EC-05-37  
New York, New York )

**CONSENT ORDER FOR CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has conducted an examination and investigation of the New York branch of Arab Bank PLC (the “New York Branch” or “Branch”), a Federal branch of Arab Bank PLC, Amman, Jordan (“Arab Bank”), and has identified deficiencies in the Branch’s internal controls, particularly in the area of Bank Secrecy Act and Anti-Money Laundering compliance. The findings of the examination and investigation have been made known to the Branch.

The New York Branch, by and through its General Manager (“GM”) duly authorized by Arab Bank, has executed a “Stipulation and Consent to the Issuance of an Order for Civil Money Penalty,” (“Stipulation and Consent”) dated August 17, 2005, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the New York Branch has consented to the issuance of this Consent Order for Civil Money Penalty (“Order”) by the Comptroller.

**COMPTROLLER’S FINDINGS**

(1) The Branch has engaged in substantial funds transfer operations, including a significant number of transactions for participants who did not and do not have accounts at the Branch but whose transactions were originated by or received by other offices of Arab Bank and its affiliates or by other third party correspondent banks.

- (2) The Branch, in material respects:
- (a) Failed to adequately implement a program to monitor funds transfers for suspicious activity (unsafe and unsound practices that violated 12 C.F.R. § 21.21);
  - (b) Failed to adequately obtain sufficient information on funds transfers to determine whether it was obligated to file SARs (unsafe and unsound practices that violated 12 C.F.R. § 21.11); and
  - (c) Failed to adequately audit or manage the implementation of a program to monitor money transfers for suspicious activity (unsafe and unsound practices that violated 12 C.F.R. § 21.21).

(3) The inadequacy of the Branch's Bank Secrecy Act controls over its funds transfer operations is especially serious in light of the high risk characteristics of many of the transactions. Banks conducting funds transfer operations must have in place a level of systems and controls to monitor the transactions for compliance with laws that is commensurate with the risk level of the institution's business.

As a result of the examination and investigation, in which Arab Bank and Branch management cooperated with the Comptroller's investigation of transactions, accounts and existing Branch systems and controls, and after which the Branch consented to the issuance of a Consent Order dated February 24, 2005, and pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, and the International Banking Act of 1978, as amended, 12 U.S.C. §§ 3102(b), 3102(g) and 3108(a), the Comptroller hereby orders that:

ARTICLE I  
CIVIL MONEY PENALTY

(1) Without admitting or denying any wrongdoing, the Branch hereby consents to the payment of a civil money penalty in the amount of twenty four million dollars (\$24,000,000), which shall be paid upon execution of this Order to the Treasurer of the United States.

- (a) If a check is the selected method of payment, the check shall be made payable to the Treasurer of the United States and shall be delivered to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000, with a copy of the check sent to Director, Enforcement & Compliance Division, 250 E Street, SW, Mail Stop 8-10, Washington, DC 20219.
- (b) If a wire transfer is the selected method of payment, it must be sent to the Comptroller's account #xxxx-xxxx, ABA Routing # xxxxxxxxxx. A copy of the wiring instructions shall be provided to the Director, Enforcement & Compliance Division, at the address listed in subparagraph (a) above.

(2) This penalty assessment shall be concurrent with the twenty four million dollar (\$24,000,000) penalty assessed against the Branch by the Financial Crimes Enforcement Network and shall be satisfied by one payment of twenty four million dollars (\$24,000,000) to the Department of the Treasury and delivery of the payment instrument to Director of the OCC's Enforcement & Compliance Division, at the address set forth in paragraph (1) of this Article.

(3) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i) (as amended).

ARTICLE II  
CLOSING

(1) This Order is not intended to, and shall not, supplant or amend any provisions of the February 24, 2005, Consent Order entered into between the Branch and the Comptroller.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Branch, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(4) It is expressly and clearly understood that upon the Branch's conversion to a federal agency, the agency shall succeed to all obligations of the Branch and the provisions of this Order shall be enforceable against the agency to the same extent as to the Branch.

(5) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(i)(2), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(6) The provisions of this Order constitute a settlement of the civil money penalty proceeding contemplated by the Comptroller.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 17<sup>th</sup> day of August, 2005.

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Timothy W. Long  
Senior Deputy Comptroller  
Midsize/Community Bank Supervision  
Office of the Comptroller of the Currency

*8/17/05*

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Date

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

<b>In the Matter of:</b>	)	
The Federal Branch of Arab Bank PLC,	)	AA-EC-05-37
New York, New York	)	

**STIPULATION AND CONSENT TO THE ISSUANCE  
OF AN ORDER FOR CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”) has agreed to a Consent Order with the New York branch of Arab Bank, PLC, (the “New York Branch” or the “Branch”), a Federal branch of Arab Bank, PLC, Amman, Jordan, (“Bank”) pursuant to 12 U.S.C. § 3101 *et seq.*, and is considering whether to assess a civil money penalty against the Branch pursuant to 12 U.S.C. § 1818(i)(2).

The Branch, in the interest of compliance and cooperation, consents to the issuance of a Consent Order for Civil Money Penalty, dated August 17, 2005 (“Order”).

In consideration of the above premises, the Comptroller, through his authorized representative, and the New York Branch, by and through the Executive Vice President and Regional Manager, duly authorized by the Bank, hereby stipulate and agree to the following:

**ARTICLE I**

**Jurisdiction**

(1) The Branch is a Federal branch licensed and examined by the Comptroller pursuant to the International Banking Act of 1978, as amended, 12 U.S.C. § 3101 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Branch pursuant to 12 U.S.C. §§ 1813(q), 1818(i)(2)(E) and 3108(b).

## ARTICLE II

### Agreement

(1) The Branch, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Branch further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. §§ 1818(i) and 3101 *et seq.*

(3) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Branch under its supervisory powers, including 12 U.S.C. § 1818(i), not as a matter of contract law. The Branch expressly acknowledges that neither the Branch nor the Comptroller has any intention to enter into a contract.

(4) The Branch declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Branch to agree to consent to the issuance of the Order and/or to execute the Order.

(5) The Branch expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of its supervisory responsibilities.

(6) The Branch also expressly acknowledges that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing

herein constitutes, nor shall the Branch contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

### ARTICLE III

#### Waivers

- (1) The Branch, by signing this Stipulation and Consent, hereby waives:
  - (a) the issuance of an Assessment of a Civil Money Penalty pursuant to 12 U.S.C. § 1818(i)(2) (as amended);
  - (b) any and all procedural rights available in connection with the issuance of the Order;
  - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(h) and (i)(2) (as amended) and 12 C.F.R. Part 19;
  - (d) all rights to seek any type of administrative or judicial review of the Order;
  - (e) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of the statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
  - (f) any and all rights to challenge or contest the validity of the Order.



ARTICLE IV

Closing

(1) The Branch agrees that the provisions of this Stipulation and Consent and the Order shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Branch if, at any time, he or she deems it appropriate to do so to fulfill the responsibilities placed upon him or her by the several laws of the United States of America.

(2) The Branch also agrees that the terms of the Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

\_\_\_\_\_  
/s/  
Timothy W. Long  
Senior Deputy Comptroller  
Midsize/Community Bank Supervision  
Office of the Comptroller of the Currency

\_\_\_\_\_  
8/17/05  
Date

IN TESTIMONY WHEREOF, the undersigned, the Executive Vice President and Regional Manager, duly authorized by the Bank, has hereunto set his hand on behalf of the Branch.

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/s/  
Nofal S. Barbar  
Executive Vice President and Regional Manager  
Arab Bank, PLC  
On behalf of Arab Bank, PLC, New York Branch

\_\_\_\_\_  
8/17/05  
Date