

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

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<b>In the Matter of:</b>	)	
Banco de Chile, New York Branch	)	
New York, New York	)	
	)	AA-EC-05-84
a Federal branch of	)	
	)	
Banco de Chile	)	
Santiago, Chile	)	
	)	

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**CONSENT ORDER FOR CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners, has conducted an examination of Banco de Chile, New York Branch (the “New York Branch” or “Branch”), a Federal branch of Banco de Chile, Santiago, Chile (“Bank”). In cooperation with the Comptroller’s examination, the Audit Committee of the Bank has provided the Comptroller with a report containing the results of an internal investigation conducted by its outside counsel. The examination and internal investigation report have identified deficiencies in the Bank’s internal controls, particularly in the area of Bank Secrecy Act and Anti-Money Laundering compliance.

The New York Branch, by and through its General Manager, duly authorized by the Bank, has executed a “Stipulation and Consent to the Issuance of a Consent Order for Civil Money Penalty,” (“Stipulation and Consent”) dated October 11, 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 engaged in unsafe or unsound banking practices and violated the law, including the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, when Branch personnel authorized transactions that allowed certain customers to mask the true beneficiary of deposit accounts and loans at the Branch.

(2) Contrary to safe and sound banking, many of these transactions were executed without following the Branch's internal policies and procedures on account openings, and they were approved without conducting adequate due diligence on the source of funds used to open the accounts or the purpose of the loans.

(3) The management of these account relationships evidenced deficiencies in internal controls and procedures and deficiencies in independent testing of accounts at the Branch to ensure compliance with the Bank Secrecy Act, in violation of 12 C.F.R. § 21.21.

(4) Branch personnel failed to monitor these accounts for suspicious activities and failed to identify and report the suspicious nature of the deposit accounts and loan relationships in a timely manner. The failure to file suspicious activity reports in a timely manner is a violation of 12 C.F.R. § 21.11.

(5) Branch personnel made misleading, inaccurate, and false statements to bank examiners regarding their knowledge of the existence of a nominee relationship between certain customers and the point in time at which Branch and head office personnel were made aware of the relationship.

(6) Subsequent to the discovery of these violations of law and unsafe and unsound practices by the Branch, the Audit Committee of the Bank authorized an internal investigation of

these activities. The Bank provided a comprehensive report of these findings to the Office of the Comptroller of the Currency (“OCC”).

(7) The Bank and Branch agreed to a substantial Consent Order in February 2005 to remedy the violations of law and unsafe and unsound practices discovered during both the examination and the internal investigation.

## ARTICLE I

### CIVIL MONEY PENALTY

(1) Without admitting or denying any of the findings contained herein or any wrongdoing, the New York Branch hereby consents to the payment of a civil money penalty in the amount of three million dollars (\$3,000,000), 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 three million dollar (\$3,000,000) penalty assessed against the Branch by the Financial Crimes Enforcement Network and shall be satisfied by one payment of three million dollars (\$3,000,000) 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 1, 2005, Consent Order entered into between the Branch, Bank, 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) 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.

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

(6) 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 11<sup>th</sup> day of October, 2005.

*/s/ John W. Quill*

John W. Quill  
Deputy Comptroller  
Special Supervision

*10/11/05*

Date

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

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Santiago, Chile	)	
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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER FOR CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”) and the New York Branch of Banco de Chile (the “New York Branch” or “Branch”), a Federal branch of Banco de Chile, Santiago, Chile, (the “Bank”) entered into a Consent Order dated February 1, 2005 pursuant to 12 U.S.C. § 3101 *et seq.*

The Comptroller intends 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, agrees to the issuance of a Consent Order for Civil Money Penalty dated October 11, 2005 (“CMP Order”).

In consideration of the above premises, the Comptroller, through his authorized representative, and the New York Branch, by and through its General 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(b), and 3108(b).

## Article II

### Agreement

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

(2) The Branch further agrees that said CMP 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 CMP 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), and 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 CMP Order and/or to execute the CMP Order.

(5) The Branch also 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 his supervisory responsibilities.

(6) The Branch also expressly acknowledges that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of the CMP 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 representative 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 a Notice of 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 CMP 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 CMP 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 the CMP 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 CMP Order.

Article IV

Closing

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

(2) The Branch also agrees that the terms of the CMP 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/ John W. Quill  
John W. Quill  
Deputy Comptroller  
Special Supervision

10/11/05  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly authorized General Manager of the Branch, has hereunto set his hand on behalf of the Branch.

Signed

\_\_\_\_\_  
German Tagle  
General Manager  
New York Federal Branch,  
of Banco de Chile, Santiago, Chile

October 6<sup>th</sup>, 2005

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Date