

ENFORCEMENT INFORMATION FOR DECEMBER 17, 2013

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 CFR part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at <http://www.treasury.gov/ofac/enforcement>.

ENTITIES – 31 CFR 501.805(d)(1)(i)

HSBC Bank USA, N.A. Settles Potential Civil Liability for Apparent Violations of the Global Terrorism Sanctions Regulations: HSBC Bank USA, N.A. (“HBUS”) has agreed to remit \$32,400 to settle potential civil liability for three apparent violations of the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594.

The Office of Foreign Assets Control (“OFAC”) determined that HBUS voluntarily self-disclosed the apparent violations to OFAC and that the apparent violations constituted a non-egregious case. OFAC concluded that the apparent violations described below were not the result of willful or reckless conduct. The total base penalty amount for the apparent violations was \$20,083.

On December 9, 2010, OFAC designated Husayn Tajideen (also known as Hussein Tajideen) and Tajco as Specially Designated Global Terrorists (“SDGTs”) and added them to the Specially Designated Nationals and Blocked Persons List (“SDN List”). That same day, HBUS updated its interdiction software to reflect these designations. On December 10, 2010, HBUS received an \$11,492.86 funds transfer originated by a third-country financial institution on behalf of that institution’s customer, Tajco, destined for the HSBC Bank Middle East Limited (“HBME”) account of a food production and distribution company. HBUS’ interdiction software identified the payment’s originator as a potential match to the SDGT Tajco and routed the payment into a suspense queue for manual review.

In response to an HBUS request for additional information regarding the originator’s ownership, physical address, primary line of business, and affiliation to the SDGT Tajco, HBUS received an MT 199 free format Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) message from the remitting financial institution. The SWIFT message response stated: the originator’s full name was “Tajco Company Limited,” its address was “9 Picton Street, Banjul, The Gambia,” (the SDN List identifies one of Tajco’s addresses as “1 Picton Street, Banjul, The Gambia”), the entity referenced in the payment instructions had no affiliation with “Tajco Com LLC” or “Tajco SARL” (aliases of Tajco identified by OFAC) and Tajco was owned by “Hussein Tajideen.” HBUS’ interdiction software did not screen this incoming message because at the time of processing the bank did not screen all MT 199 messages for potential OFAC matches. In addition, an HBUS Compliance Officer reviewing the information did not manually screen the names Hussein Tajideen and Tajco against the SDN List or recognize them as potential SDGTs, and authorized the payment. HBUS processed the funds transfer on December 27, 2010.

Between December 23, 2010, and December 30, 2010, the HBUS VP/Senior Manager of OFAC Compliance requested an internal report from the bank's Anti-Money Laundering ("AML") Unit listing all transactions for the previous five years that the bank handled containing a reference to "Tajideen" or "Tajco." On January 3, 2011, the HBUS VP/Senior Manager of OFAC Compliance received an internal report from the bank's AML Unit regarding transactions with references to "Tajideen" or "Tajco," which included information pertaining to the December 10, 2010, payment that HBUS had released on December 27, 2010. The HBUS VP/Senior Manager of OFAC Compliance reviewed the December 10, 2010, payment message, which included a reference to "40 Percent Advance Payment Order No 1011284," suggesting that future payments related to the same parties would be forthcoming. Despite having reviewed this information, HBUS Compliance did not take any additional steps – beyond initially including Tajco, Hussein Tajideen, and the other OFAC-designated SDGTs in its interdiction software on December 9, 2010 – to interdict future transactions that could involve the same parties or that referenced the order number quoted in the December 10, 2010, payment.

On January 7, 2011, and April 7, 2011, HBUS processed two additional funds transfers valued at \$14,963.25 and \$13,709.96, respectively, that appear to have involved an interest of Tajco. While the subsequent payments did not reference a person appearing on the SDN List and each had a different originator from the originator of the December 10, 2010, payment, the payment instructions for the January 7, 2011, and April 7, 2011, funds transfers included the same order number and were destined for the same HBME account of the same food company as the December 10, 2010, transaction.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. OFAC considered the following to be mitigating factors: HBUS voluntarily self-disclosed the apparent violations to OFAC; HBUS took appropriate remedial action in response to these apparent violations and now has a more robust compliance program in place; and HBUS has not received a penalty notice or Finding of Violation from OFAC for substantially similar apparent violations in the five years preceding the earliest date of the transactions giving rise to the apparent violations. The settlement amount reflects the following aggravating factors: HBUS managers and employees whose primary responsibility includes OFAC compliance were aware of the first apparent violation and had reason to be aware of the second and third apparent violations; the apparent violations resulted in actual economic benefit to an SDGT; HBUS is a large and commercially sophisticated financial institution; HBUS initially provided an incomplete response to an administrative subpoena; and, at the time of the first apparent violation, HBUS' compliance program did not screen all MT 199 messages for potential OFAC matches. OFAC further reduced the proposed penalty in light of HBUS' agreement to settle its potential liability for the apparent violations.

For more information regarding OFAC regulations, please visit: <http://www.treasury.gov/ofac>.