

## **ENFORCEMENT INFORMATION FOR JULY 27, 2016**

**Information concerning the civil penalties process is discussed in the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) regulations governing the various sanctions programs and in 31 C.F.R. 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 C.F.R. 501.805(d)(1)(i)**

**Compass Bank Receives a Finding of Violation Regarding Violations of the Foreign Narcotics Kingpin Sanctions Regulations:** OFAC has issued a Finding of Violation to Compass Bank, which uses the trade name BBVA Compass ("Compass"), for violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (FNKSR). From June 12, 2013 to June 3, 2014, Compass maintained accounts on behalf of two individuals on OFAC's List of Specially Designated Nationals and Blocked Persons (the "SDN List").

On June 12, 2013, OFAC designated Mauricio Sanchez Garza and Hilda Riebeling Cordero – members of the Sanchez Garza family, which is based in Guadalajara and involved in money laundering operations on behalf of Rafael Cara Quintero, a Specially Designated National (SDN) – pursuant to the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. §§ 1901-08, and added them to the SDN List. At the time of OFAC's designations, Compass maintained separate accounts for and on behalf of Mauricio Sanchez Garza and Hilda Riebeling Cordero. Compass failed to identify and block these accounts following OFAC's designation of the account holders due to a misconfiguration in the bank's sanctions screening software.

On May 14, 2014, almost one year after OFAC's designations, Compass staff identified Mauricio Garza Sanchez as an accountholder with the bank's branch in Laredo, Texas due to a negative news report. Although the news report made numerous references to OFAC's designation of the individual, Compass did not take any actions at that time to review or otherwise block Mauricio Garza Sanchez's account. In or around this time, a U.S. Government agency contacted Compass and inquired whether the bank held accounts for Mauricio Sanchez Garza and Hilda Riebeling Cordero, individuals on OFAC's SDN List. Compass subsequently identified and blocked the accounts it maintained for these individuals and submitted reports of blocked property to OFAC. The information published by OFAC for Mauricio Sanchez Garza and Hilda Riebeling Cordero – including the individuals' names and dates of birth, and in one instance the account holder's passport number – matched the information in Compass' records.

Compass later determined that it failed to identify the accounts due to a deficiency in the bank's sanctions screening software dating to late February 2010 that prevented it from reviewing dormant or inactive accounts against additions or changes to the SDN List. Compass conducted a review and determined that it did not process any transactions for or on behalf of either of the above-referenced individuals following their designation by OFAC, nor did the bank maintain

any similar accounts for any other individuals on the SDN List as a result of the above-referenced issue with its sanctions screening software.

On September 19, 2014, OFAC issued an administrative subpoena to Compass regarding the accounts it maintained for the above-referenced SDNs. As part of its request, OFAC directed Compass to provide a copy of account opening documentation, signature cards, and any W-8 forms associated with the two accounts. Compass responded to OFAC's administrative subpoena on October 19, 2014 and provided a copy of Mauricio Sanchez Garza's signature on file. The bank stated there were no other account opening documents in the bank's files for either Mauricio Sanchez Garza or Hilda Riebeling Cordero. Pursuant to an email request from OFAC for additional account information, Compass subsequently submitted additional documentation to OFAC on November 25, 2014 for both account holders, including internal documents, screen shots of customer information maintained on the Compass deposit system for both Mauricio Sanchez Garza and Hilda Riebeling Cordero, and an account signature card for the latter.

The determination to issue a Finding of Violation to Compass 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. A Finding of Violation is appropriate given that Compass is a large and commercially sophisticated financial institution; Compass had reason to know that it maintained two accounts for and on behalf of individuals on OFAC's SDN List; Compass had reason to know and/or actual knowledge of the conduct that led to the apparent violations, particularly after Compass personnel conducted an "internet search" on at least one of the account holders in the course of an internal investigation and filed a report with a U.S. government agency; Compass caused potential harm to a U.S. economic sanctions program due to a misconfiguration of its sanctions screening filter that precluded dormant or inactive accounts from being screened against changes to the SDN List for more than four years; Compass' actions in failing to block and report the above-referenced SDN accounts denied OFAC information about two SDNs; OFAC previously issued a cautionary letter to Compass for substantially similar conduct, namely the bank's maintenance of accounts for SDNs that was caused by issues with the bank's sanctions screening software; Compass' compliance program was insufficient to identify and interdict existing account relationships with SDNs; and Compass' response to OFAC's administrative subpoena did not include certain information and documentation regarding the bank's account relationships with two SDNs. OFAC also considered that no Compass managers or supervisors appear to have been aware of the conduct that led to the apparent violations; Compass' conduct did not confer economic benefit to an SDN; Compass took remedial action in response to the apparent violations and corrected a misconfiguration in its sanctions screening software; and Compass cooperated with OFAC by signing a statute of limitations tolling agreement, and two extensions to the agreement.

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