

## WEB POSTING

**Lloyds TSB Bank, plc, Settles Allegations of Violations of the Iranian Transactions Regulations, the Sudanese Sanctions Regulations, and the now-repealed Libyan Sanctions Regulations.** Lloyds TSB Bank, plc (“Lloyds”), located in London, United Kingdom, has agreed to settle allegations of violations of the Iranian Transactions Regulations, 31 C.F.R. Part 560; the Sudanese Sanctions Regulations, 31 C.F.R. Part 538; and the now repealed Libyan Sanctions Regulations, 31 C.F.R. Part 550, all of which were promulgated under the International Emergency Economic Powers Act (“IEEPA”), 50 U.S.C. §§ 1701-1706, and other authorities.

Lloyds had a policy of intentionally manipulating and deleting information about U.S. sanctioned parties—notably Iran, Sudan, and Libya—in wire transfer instructions executed on behalf of its bank and non-bank customers. Based on OFAC’s analysis of Lloyds’ transactions, from June 2003 through August 2006, Lloyds routed at least 4,200 electronic funds transfers, with an aggregate value of USD 36,988,457, through third party banks located in the United States, in apparent violation of IEEPA and the OFAC regulations related to Iran, Sudan, and Libya. These included (i) at least 165 electronic funds transfers totaling USD 13,707,126 from June 26, 2003, through October 31, 2003, to the benefit of the Government of Iran and/or persons in Iran, including various Iranian financial institutions; (ii) at least 574 electronic funds transfers totaling USD 13,899,345 from June 26, 2003, through August 29, 2006, to the benefit of the Government of Sudan and/or persons in Sudan, including various Sudanese financial institutions; and (iii) approximately 3,542 electronic funds transfers totaling approximately USD 9,381,986 from June 26, 2003, to April 29, 2004, to the benefit of a Libyan customer.

Lloyds indicated that it has terminated these alleged illegal activities, including ceasing U.S. dollar (USD) clearing activities for Iranian bank customers in 2003, and has cooperated fully with OFAC. OFAC mitigated the total potential penalty based on Lloyds’ substantial cooperation, its prompt and thorough remedial response, and the fact that Lloyds had not been subject to an OFAC enforcement action in the five years preceding the transactions at issue. Although Lloyds did not voluntarily self-disclose the apparent violations, it substantially cooperated with OFAC, including engaging an independent consulting firm to conduct an extensive review of all applicable incoming and outgoing payment messages and all existing periodic or monthly account statements for applicable vostro accounts (U.S. dollar accounts maintained by Lloyds on behalf of certain Iranian and Sudanese financial institutions) during the review period and providing that information to OFAC in electronic format as well as an appropriate electronic summary.

Lloyds has taken remedial measures, agreeing to have its Internal Audit Department conduct, on an annual basis, for a period of two years, a review of the bank’s policies, procedures, and a statistically significant sampling of USD payments to determine whether any payments subject to OFAC regulations were processed through, or on behalf of, any U.S. individual or entity. Lloyds agreed to use a qualified independent third party to oversee and certify the findings of its Internal Audit Department. The United Kingdom’s Financial Services Authority, Lloyds’ primary regulator in the U.K., is to approve the independent third party as well as the scope of the review.

Lloyds has agreed to a settlement with OFAC of USD 217,000,000. Lloyds' obligation to pay such amount to OFAC has been deemed satisfied by its prior payment of a greater amount in satisfaction of penalties assessed by the U.S. Department of Justice and the New York County District Attorney's Office arising out of the same pattern of conduct.

The entire Settlement Agreement between Lloyds and OFAC is posted under the Selected Settlement Agreements section of this website.