

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

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<b>In the Matter of:</b>	)	
	)	AA-EC-10-16
Wachovia Bank, National Association	)	
Charlotte, North Carolina	)	

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**CONSENT ORDER FOR A 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 foreign correspondent banking activities of Wachovia Bank, National Association, Charlotte, North Carolina (“Bank” or “Wachovia”), and has identified deficiencies in this area’s internal controls, particularly with regard to Bank Secrecy Act (“BSA”) and anti-money laundering (“AML”) compliance. The findings of the examination and investigation have been made known to the Bank.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order for a Civil Money Penalty,” dated March 12, 2010 (“Stipulation”), that is accepted by the Comptroller. By this Stipulation, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order for a Civil Money Penalty (“Order”) by the Comptroller.

The Bank, by and through its Board, has also executed a “Consent Cease and Desist Order By and Between the Bank and the Comptroller,” dated March 12, 2010 (“Consent Order”).

## ARTICLE I

### COMPTROLLER'S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) This Civil Money Penalty assessment is the result of deficiencies and violations identified by the OCC that occurred at Wachovia primarily during the period of 2005 to 2007.

Specifically, the Bank:

- (a) failed to implement adequate policies, procedures, or monitoring controls governing the repatriation of nearly \$14 billion of USD bulk cash for high risk casa de cambio ("CDC") and other foreign correspondent customers (over \$10 billion coming from Mexico into the United States);
- (b) failed to conduct monitoring of high volumes of monetary instruments flowing through the CDCs and other foreign correspondent accounts in the form of Remote Deposit Capture ("RDC") products, consisting of nearly six million checks worth approximately \$41 billion;
- (c) failed to conduct adequate levels of due diligence of high risk CDC and foreign correspondent customers;
- (d) failed to appropriately monitor traveler's checks in a manner that was consistent with the Bank's policy limits over sequentially numbered traveler's checks for high risk CDC customers;
- (e) failed to appropriately institute risk-based monitoring of the Bank's foreign correspondent customers, primarily as a result of placing too much emphasis on staffing considerations when setting alert parameters;

- (f) failed to file timely Suspicious Activity Reports (“SARs”) involving suspicious transactions conducted through certain foreign correspondent accounts at the Bank;
- (g) after conducting a voluntary lookback, the Bank filed over 4,300 SARs involving suspicious transactions conducted through the Bank by CDCs and high risk foreign correspondent customers. A significant number of these SARs were not timely filed; and
- (h) failed to adequately report cash structuring activity from review of alerts generated in the Bank’s Financial Intelligence Unit.

(2) As a result of the findings set forth in paragraph (1) of this Article, the OCC determined that Wachovia, in material respects, recklessly engaged in unsafe or unsound banking practices and violated the following Bank Secrecy Act regulations:

- (a) 12 C.F.R. §21.21, by failing to adequately audit, conduct independent testing, or manage the implementation of a program to monitor CDCs and foreign correspondent relationships for suspicious activity and by failing to have adequate internal controls in place to identify suspicious transactions;
- (b) 12 C.F.R. §21.11, by failing to adequately monitor CDC and other high risk foreign correspondent accounts to fulfill its suspicious activity reporting obligations and by failing to file timely SARs involving suspicious transactions conducted through the Bank; and
- (c) 31 C.F.R. §103.176, by failing to adequately implement a due diligence program that enables the Bank to detect and report, on an ongoing basis,

any known or suspected money laundering activity conducted through or involving any of its correspondent accounts.

(3) The above-listed reckless unsafe or unsound banking practices and violations of law constituted a pattern of misconduct at Wachovia.

(4) The inadequacy of Wachovia's Bank Secrecy Act and AML controls over the CDCs and other high risk foreign correspondent relationships is especially serious in light of the high risk characteristics of many of the transactions subsequently reported as suspicious. Banks accepting foreign correspondent customers 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 posed by this type of customer.

As a result of the examination and investigation, and pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C § 1818, the Comptroller hereby orders that:

## ARTICLE II

### ORDER FOR A CIVIL MONEY PENALTY

(1) Without admitting or denying any wrongdoing, the Bank hereby consents to the payment of a civil money penalty in the amount of \$50 million dollars (\$50,000,000), which shall be paid upon execution of this Order.

- (a) Payment of the penalty shall be made by a wire transfer to the Comptroller's account #XXXX-XXXX, ABA Routing #XXXXXXXXXX.
- (b) A photocopy of the confirmation of the wire transfer shall be sent immediately, by overnight delivery, to the Director of Enforcement and

Compliance, Office of the Comptroller of the Currency, 250 E Street SW,  
Washington, DC 20219.

(2) 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 III

#### CLOSING

(1) It is expressly and clearly understood that 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 Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(2) 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 against the Bank and its successors in interest, 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.

(3) 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.

(4) 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.

(5) The provisions of this Order constitute a settlement of the Civil Money Penalty proceeding contemplated by the Comptroller.

IT IS SO ORDERED, this 12th day of March 2010.

/s/

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Michael L. Brosnan  
Deputy Comptroller  
Large Bank Supervision

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DEPARTMENT OF THE TREASURY  
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<b>In the Matter of:</b>	)	
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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER FOR A CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate a civil money penalty proceeding against Wachovia Bank, National Association, Charlotte, North Carolina (“Bank”) pursuant to 12 U.S.C. § 1818(i)(2) for violations of the Bank Secrecy Act, 31 U.S.C. §§ 5311, *et seq.* and Bank Secrecy Act regulations 12 C.F.R. §§21.11 and 21.21, and 31 C.F.R. §103.176, thereunder, and 12 U.S.C. §1818(s).

The Bank, in the interest of compliance and cooperation, enters into this Stipulation and Consent to the Issuance of a Consent Order for a Civil Money Penalty (“Stipulation”) and consents to the issuance of a Consent Order for a Civil Money Penalty, dated March 12, 2010 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

**ARTICLE I**

**JURISDICTION**

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

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

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(i).

## ARTICLE II

### AGREEMENT

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

(2) The Bank 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).

(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 Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(4) The Bank 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 Bank to agree to consent to the issuance of the Order and/or to execute the Order.

(5) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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 OCC releases and discharges the Bank from all potential claims and charges that have been or might have been asserted by the OCC based on the violations described in the Comptroller's Finding, set forth in Article I of the Order, to the extent known to the OCC as of the effective date of the Order. However, the violations alleged in Article I of the Order may be utilized by the OCC in future enforcement actions to establish a pattern or practice of violations or the continuation of a pattern or practice of violations. This release shall not preclude or affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation, the Order, and/or the Consent Cease and Desist Order By and Between the Bank and the Comptroller, dated March 12, 2010 ("Consent Order").

(7) The terms and provisions of the Stipulation and the Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Order.

### ARTICLE III

#### WAIVERS

- (1) The Bank, by signing this Stipulation, 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), 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 its agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any 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 Bank agrees that the provisions of this Stipulation shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank 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 Bank understands 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 Bank 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.

(3) The Bank also agrees that the terms of the Stipulation and 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/

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Michael L. Brosnan  
Deputy Comptroller  
Large Bank Supervision

March 12, 2010

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Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/  
Howard I. Atkins

\_\_\_\_\_  
Date

/s/  
David A. Hoyt

3/10/10  
Date

/s/  
Michael J. Loughlin

3/10/10  
Date

/s/  
Mark C. Oman

3/10/10  
Date

/s/  
John G. Stumpf

\_\_\_\_\_  
Date

/s/  
Carrie L. Tolstedt

3/10/10  
Date