

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

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<b>In the Matter of:</b>	)	
Banco Bradesco	)	
New York, New York	)	
	)	AA-EC-2014-116
A Federal branch of	)	
	)	
Banco Bradesco	)	
Cidade De Deus, Brazil	)	
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**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners, has supervisory authority over and has conducted an examination of the New York, New York branch of Banco Bradesco (“Branch”), a Federal branch of Banco Bradesco, Cidade De Deus, Brazil, and has identified deficiencies in the Branch’s internal controls, independent testing, and staffing in the area of Bank Secrecy Act and Anti-Money Laundering compliance. The findings of the examination have been made known to the Branch.

The Branch, by and through its General Manager (“GM”) duly authorized by Banco Bradesco, have executed a “Stipulation and Consent to the Issuance of a Consent Order,” (“Stipulation and Consent”) dated January 26 , 2015 that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Branch has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

## Article I

### COMPTROLLER'S FINDINGS

(1) The Branch violated 12 C.F.R. § 21.21 by failing to establish and maintain a compliance program reasonably designed to assure and monitor compliance with the requirements of the Bank Secrecy Act (“BSA”) as amended, 31 U.S.C. § 5311 *et seq.* and the implementing regulations promulgated thereunder at 31 C.F.R. Chapter X (collectively, the “Bank Secrecy Act” or “BSA”).

(2) The Branch violated 31 U.S.C. § 5318(i) and 31 C.F.R. § 1010.610(a) by failing to conduct adequate due diligence on certain foreign correspondent accounts.

(3) Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, and the International Banking Act of 1978, as amended, 12 U.S.C. § 3101 *et seq.*, the Comptroller hereby orders that:

## Article II

### COMPREHENSIVE BANK SECRECY ACT ACTION PLAN

(1) Within sixty (60) days of this Order, the GM shall submit to the Director for International Banking Supervision (“Director”) a plan containing a complete description of the actions that are necessary and appropriate to achieve full compliance with Articles III through VII of this Order (“Action Plan”). The Branch shall implement the Action Plan upon the Director’s issuance of a written determination of no supervisory objection. In the event the Director asks the Branch to revise the plan, the Branch shall immediately make the requested revisions and resubmit the plan to the Director. Following implementation, the Branch shall not take any action that will cause a significant deviation from, or material change to the Action Plan unless and until the Branch has received a prior written determination of no supervisory objection from the

Director.

(2) The GM shall ensure that the Branch achieves and thereafter maintains compliance with this Order, including, without limitation, successful implementation of the Action Plan. The GM shall further ensure that, upon implementation of the Action Plan, the Branch achieves and maintains an effective BSA compliance program, in accordance with the BSA, its implementing regulations, and this Order.

(3) The Action Plan must specify timelines for completion of each of the requirements of Articles III through VII of this Order. The timelines in the Action Plan shall be consistent with any deadlines set forth in Articles III through VII.

(4) Upon request by the Director, the Branch shall modify the Action Plan to comply with any Matters Requiring Attention concerning BSA/Anti Money Laundering (“AML”) matters, or citations of violations of law concerning these matters, which the OCC may issue to the Branch following the effective date of this Order.

(5) The GM shall ensure that the Branch has sufficient processes, management, personnel, and control systems to effectively implement and adhere to all provisions of this Order, and that Branch management and personnel have sufficient training and authority to execute their duties and responsibilities under this Order.

(6) Any independent consultant or auditor engaged by the Branch to assist in the assessment of the Action Plan or other compliance with this Order must have demonstrated and specialized experience with the BSA/AML matters that are the subject of the engagement, and must not be subject to any conflict of interest affecting the consultant’s or auditor’s independence.

(7) All correspondence related to this Order, and any information or documentation required hereunder to be submitted to the Director, shall be sent by overnight mail or hand

delivery to:

Marci A. Heppner  
Director for International Banking Supervision  
340 Madison Avenue, 9<sup>th</sup> Floor  
New York, New York 10173

(8) Commencing with the first calendar quarter of 2015, within thirty (30) days after the end of each calendar quarter following the date of this Order, the GM shall submit to the OCC a written progress report detailing the form and manner of all actions taken to secure compliance with the provisions of this Order and the results thereof. The GM shall ensure that the progress report includes information sufficient to validate compliance with this Order. The OCC may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

### Article III

#### BANK SECRECY ACT COMPLIANCE PROGRAM

(1) Within ninety (90) days of this Order, the GM shall ensure that a BSA compliance program is in place which meets the following criteria:

- (a) has a BSA Officer with sufficient authority, independence, training, and supporting staff to perform his or her assigned responsibilities and maintain effective compliance with the BSA and its implementing regulations;
- (b) implements an effective automated suspicious activity monitoring system commensurate to the Branch's risk profile, that includes review of both customer and non-customer transactions;
- (c) ensures that due diligence is performed on foreign correspondent accounts including appropriate risk-based and where necessary enhanced policies, procedures and controls that are reasonably designed to enable the Branch

to detect and report on an ongoing basis any known or suspected money laundering activity;

- (d) ensures that independent audit and transaction testing is inclusive of non-customer transactions, intermediary wire transfers and inter-branch transfers;
- (e) has clearly defined channels for informing the GM of compliance initiatives, identified compliance deficiencies, and corrective action taken;
- (f) identifies higher-risk banking products and services (including but not limited to intermediary wire transactions and inter-branch transfers), customers, non-customers, entities, and geographic locations and provides for periodic updates to the Branch's BSA Risk Assessment;
- (g) includes the use of effective comprehensive Management Information Systems commensurate to the Branch's risk profile, which include all Branch activities, including non-branch customer transaction flow, segregated by transaction type;
- (h) ensures that the Branch's BSA/AML processes, procedures, systems and controls are adequately assessed and updated prior to the Branch entering into, expanding or reinitiating new products, services, and activities, for customers and non-customers alike, at the Branch, and that provides for revision of the BSA compliance program as necessary.

## Article IV

### BANK SECRECY ACT COMPLIANCE PERSONNEL

(1) The GM shall ensure that the Branch's BSA Compliance department maintains sufficient personnel with requisite expertise, training, skills, and authority. The GM shall ensure that the Branch has a permanent, qualified, and experienced BSA Officer who shall be vested with sufficient executive authority, time, and resources to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Branch.

(2) If the BSA Officer position is vacated now or in the future, within sixty (60) days of the date of such vacancy, the Branch shall identify and provide written notice to the Director of a competent, permanent, and full-time candidate for the BSA Officer position. The written notice shall contain information regarding the proposed candidate's identity, personal history, business background, and experience and any other information required by the Director in writing. The Director shall have the power to disapprove the appointment of the proposed BSA Officer. However, the failure to exercise such disapproval power shall not constitute an approval or endorsement of the proposed BSA Officer. The requirement to submit information and the prior disapproval provisions of this paragraph are based upon the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Director to complete his or her review and act on any such information or authority within ninety (90) days. The GM shall receive the Director's written determination of non-disapproval before appointing any candidate to the BSA Officer position.

## Article V

### BANK SECRECY ACT RISK ASSESSMENT

(1) The GM shall ensure that the Branch continues to review, update, and implement a written institution-wide, ongoing BSA/AML Risk Assessment that accurately identifies the

BSA/AML risks posed to the Branch after consideration of all pertinent information (“Risk Assessment”). The Risk Assessment shall reflect a comprehensive analysis of the Branch’s vulnerabilities to money laundering and financial crimes activity and provide strategies to control risk and limit any identified vulnerabilities. The Risk Assessment methodology shall follow the risk assessment expectations and logic set forth in the *2014 FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual* (Rev. December 2, 2014) and shall include:

- (a) the identification of all activities and other elements that pose BSA/AML risk to the Branch;
- (b) a detailed analysis of all pertinent data obtained regarding the BSA/AML risk, including but not necessarily limited to: (i) volumes and types of transactions and services by country or geographic location, and (ii) numbers of customers that typically pose higher BSA/AML risk, both by type of risk and by geographic location;
- (c) an assessment of BSA/AML risk both individually within the Branch’s business lines and on a consolidated basis across all Branch activities and product lines;
- (d) a provision requiring that the Risk Assessment be updated periodically so as to identify and respond to changes in the Branch’s risk profile;
- (e) a provision requiring maintenance of appropriate documentation, including customer due diligence information; and
- (f) a provision requiring testing to confirm the reasonableness of the Risk Assessment, which shall also require that test results be documented in writing.

(2) Prior to adoption and implementation, the GM approved Risk Assessment shall be submitted to the Director for review and prior written determination of no supervisory objection. In the event the Director recommends changes to the Risk Assessment, the GM shall ensure the Branch immediately incorporates those changes as directed.

## Article VI

### AUTOMATED SUSPICIOUS ACTIVITY MONITORING

(1) Within ninety (90) of this Order, the GM shall develop and shall thereafter ensure that the Branch adopts and implements an effective automated transaction monitoring system that provides for the appropriate review of transaction activity and disposition of suspicious activity alerts, and the timely filing of Suspicious Activity Reports (“SARs”).

(2) The Branch’s automated transaction monitoring system shall be designed to ensure the following:

- (a) The integrity of data feeding the transaction monitoring systems;
- (b) The system has been sufficiently tailored to the Branch’s risk profile and operations;
- (c) The scenarios or rules selected for automated monitoring are appropriate and effective in identifying customer and non-customer activity that is unreasonable or abnormal given the nature of the client’s occupation or business and expected activity;
- (d) Sufficient management information and metrics are used to manage and adjust the system, as necessary;
- (e) Valid processes are used to optimize monitoring system settings and thresholds;



- (f) Alert scoring methodology is used to prioritize work flows and to facilitate management of the system;
- (g) The adequacy of staffing to investigate and clear alerts;
- (h) The standards for disposition of different types of alerts are reasonable, communicated in writing to relevant staff and are adhered to by the alert investigators;
- (i) Adequate documentation is maintained to support the disposition of alerts; and
- (j) Sufficient quality control processes designed to ensure the surveillance and transaction monitoring system, alert management process, and SAR decision-making and filing are working effectively and according to internal standards.

## Article VII

### LOOK-BACK REPORT

(1) Within ten (10) days of this Order, the Branch shall retain the service of, or continue an existing or newly revised relationship with an existing, qualified, independent consultant (“Consultant”) to review transactions as required by the Deputy Comptroller.

(2) Prior to the appointment or employment of any Consultant or entering into any agreement with a Consultant, the Branch shall submit a copy of the Branch’s proposed “Engagement Letter” with the Consultant to the Director for review and prior written determination of no supervisory objection. Within sixty (60) days of this Order, the Consultant specified in paragraph (1) of this Article shall complete and submit to the GM a report of the Look-back findings (“Look-back Report”), in order to ascertain any unusual or suspicious

transactions that may have occurred at the Branch during this period. At the OCC's sole discretion, the period of review may be extended to cover a time period prior to or subsequent to this time period, once the results of the Consultant's review are reviewed by the OCC.

(3) Within forty-five (45) days of completion of the Look-back Report, the GM shall submit a copy of the Look-back Report to the Director for review.

(4) The GM shall assure ongoing compliance with the Consultant's findings, observations and recommendations, including any changes recommended by the Director.

(5) Within thirty (30) days of receiving the Look-back Report, the Branch shall file any and all SARs that are required to be filed for any previously unreported activity identified during the review.

## Article VIII

### CLOSING

(1) Although the GM is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the GM has the ultimate responsibility for proper and sound management of the Branch as well as compliance with all of the provisions contained in this Order.

(2) 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 Branch, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Director for good cause upon written application by the GM.

(4) 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.

(5) In each instance in this Order in which the GM is required to ensure adherence to, and undertake to perform certain obligations of the Branch, it is intended to mean that the GM shall:

- (a) authorize and adopt such actions on behalf of the Branch as may be necessary for the Branch to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Branch management of such actions directed by the GM to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Without limiting the foregoing, nothing in this Order shall affect any action against the Branch or its institution-affiliated parties by a bank regulatory agency, the United States Department of Justice, or any other law enforcement agency.

(7) 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 26 day of january, 2015.

s/Vance S. Price

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Vance S. Price  
Deputy Comptroller  
Large Bank Supervision

**UNITED STATES OF AMERICA  
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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Banco Bradesco, New York, New York (“Branch”), a Federal Branch of Banco Bradesco, Cidade De Deus, Brazil pursuant to 12 U.S.C. § 1818(b) and 12 U.S.C. § 3101 *et seq.* for violations of 12 C.F.R. § 21.21 and 31 C.F.R. § 1010.610(a) identified during the examination that commenced on June 17, 2013;

The Branch, in the interest of compliance and cooperation, enters into this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”) and consents to the issuance of a Consent Order, dated January 26, \_\_\_, 2015 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative and the Branch, by and through its General Manager, hereby stipulates 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(c)(3), 1813(q), 1818(b), and 3108(b).

(3) Pursuant to 12 C.F.R. § 5.51(c)(6)(ii), this Order shall not subject the Branch to the requirements of 12 C.F.R. § 5.51, unless otherwise informed in writing by the Comptroller.

(4) Pursuant to 12 C.F.R. § 28.12(f)(2), this Order shall not prevent the Branch from being considered an “eligible foreign bank” unless otherwise informed in writing by the Comptroller.

## Article II

### AGREEMENT

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

(2) The Branch 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) 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 his 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 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.

(5) 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 Consent Order and/or execute the Order.

### Article III

#### WAIVERS

- (1) The Branch, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
  - (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(i), 12 C.F.R. Part 19;
  - (d) all rights to seek any type of administrative or judicial review of the Order; and
  - (e) any and all rights to challenge or contest the validity of the Order.

### Article IV

#### OTHER ACTION

(1) The Branch agrees that the provision 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, it deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(2) This Order shall not preclude or affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of the Stipulation or the Order.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

s/Vance S. Price

1-26-15

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Vance S. Price  
Deputy Comptroller  
Large Bank Supervision

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Date

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

s/Sheico Pimenta

Jan. 22 2015

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Sheico Pimenta, General Manager  
New York Federal Branch  
Banco Bradesco

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Date