

# TREASURY'S QUAIN NOTION OF "VOLUNTARILY"

As DDay noted earlier, Treasury will ignore that Standard Chartered signed a settlement confirming that it had hidden \$250 billion worth of transfers by gaming its documentation so that it can sign a softball unified settlement with everyone else.

It's more important that SCB get its softball settlement, I guess, than Treasury maintain even a shred of credibility.

But in addition to simply ignoring that earlier settlement, Treasury is also giving this excuse for its softball settlement.

Prosecutors and Treasury officials will also assess a smaller penalty because the bank came forward voluntarily with information about its transactions and compliance with United States sanctions, according to the law enforcement officials.

Remember this, from Benjamin Lawskey's original settlement?

At a meeting in May 2010, SCB assured the Department that it would take immediate corrective action. Notwithstanding that promise, the Department's last regulatory examination of the New York branch in 2011 identified continuing and significant BSA/AML

failures, including:

- *An OFAC compliance system that lacked the ability to identify misspellings*

*and variations of names on the OFAC sanctioned list.*

- *No documented evidence of investigation before release of funds for transactions with parties whose names matched the OFAC-sanctioned list.*
- *Outsourcing of the entire OFAC compliance process for the New York branch to Chennai, India, with no evidence of any oversight or communication between the Chennai and the New York offices. [my emphasis]*

As of last year, SCB wasn't even doing what they claimed they were doing to fix this problem. More troubling, they had replicated what they and other banks had done before, simply send the office engaging in this fraud so far away from the US so as to offer the US branch plausible deniability.

That's what counts as "voluntary" cooperation in TurboTax Timmeh Geithner's Treasury Department: ongoing efforts to continue engaging in the same kind of games.

Not that that should surprise us. Treasury also claimed JP Morgan Chase was cooperating in its investigation of sanctions violations, even though it repeatedly denied it had documents showing it was violating sanctions against Sudan. That settlement explicitly said JPMC hadn't voluntarily disclosed this and other

violations, but it nevertheless gave it the “voluntary” softball treatment.

Still, the apparent intent on the part of Treasury to enable SCB to continue in this behavior makes me curious about this paragraph.

In a regulatory filing when Mr. Lawskey announced his settlement Aug. 14, the bank said that “a formal agreement containing the detailed terms of the settlement is expected to be concluded shortly.” But Standard Chartered is still working on the details with Mr. Lawskey’s office, according to a person with knowledge of the talks.

Back when SCB was desperate to keep its license, it agreed to let Lawskey choose things like an appropriate monitor. Any bets it now intends to renege on that agreement, too?