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Department of Justice Press Release

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U.S. Department of Justice
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Former ABN AMRO Bank N.V. Agrees to Forfeit \$500 Million in Connection with Conspiracy to Defraud the United States and with Violation of the Bank Secrecy Act

WASHINGTON—The former ABN AMRO Bank N.V., now named the Royal Bank of Scotland N.V., has agreed to forfeit \$500 million to the United States in connection with a conspiracy to defraud the United States, to violate the International Emergency Economic Powers Act (IEEPA) and to violate the Trading with the Enemy Act (TWEA), as well as a violation of the Bank Secrecy Act (BSA), announced Assistant Attorney General Lanny A. Breuer of the Criminal Division and U.S. Attorney Ronald C. Machen Jr., for the District of Columbia.

A criminal information was filed today in U.S. District Court for the District of Columbia charging the former ABN AMRO, a Dutch corporation that was headquartered in Amsterdam, with one count of violating the BSA and one count of conspiracy to defraud the United States and violate the IEEPA and TWEA. The bank waived indictment, agreed to the filing of the information, and has accepted and acknowledged responsibility for its conduct. ABN AMRO agreed to forfeit \$500 million as part of a deferred prosecution agreement, also filed today in the District of Columbia. U.S. District Court Judge Colleen Kollar-Kotelly today accepted the deferred prosecution agreement.

“ABN AMRO facilitated the movement of illegal money through the U.S. financial system by stripping information from transactions and turning a blind eye to its compliance obligations,” said Assistant Attorney General Breuer. “It is essential that financial institutions both large and small properly monitor the origins of funds flowing into our financial system. When financial institutions fail to do so, and, even worse, manipulate information in order to profit from prohibited transactions, they will be held accountable.”

“Over the course of a decade, ABN AMRO assisted sanctioned countries and entities in evading U.S. laws by facilitating hundreds of millions of U.S. dollar transactions,” said U.S. Attorney Machen. “We will continue to use all resources at our disposal to hold those who knowingly and intentionally seek to circumvent U.S. sanctions and banking laws accountable for their actions.”

Under IEEPA, it is a crime to willfully violate, or attempt to violate sanctions administered by the Department of the Treasury’s Office of Foreign Assets Control (OFAC). TWEA makes it a crime to willfully engage in financial transactions by, at the direction of, or for the benefit of Cuba or Cuban nationals. Under the BSA, it is a crime to willfully fail to establish an adequate anti-money laundering program.

The IEEPA and TWEA violations relate to ABN AMRO conspiring to facilitate illegal U.S. dollar transactions on behalf of financial institutions and customers from Iran, Libya, the Sudan, Cuba and other countries sanctioned in programs administered by OFAC.

According to court documents, from approximately 1995 and continuing through December 2005, certain offices, branches, affiliates and subsidiaries of ABN AMRO removed or altered names and references to sanctioned countries from payment messages. ABN AMRO implemented procedures and a special manual queue to flag payments involving sanctioned countries so that ABN AMRO could amend any problematic text and it added instructions to payment manuals on how to process transactions with these countries in order to circumvent the laws of the United States. Despite the institution of improved controls by ABN and its subsidiaries and affiliates after 2005, a limited number of additional transactions involving sanctioned countries occurred from 2006 through 2007.

According to court documents, ABN AMRO used similar stripping procedures when processing U.S. dollar checks, traveler’s checks, letters of credit and foreign exchange transactions related to sanctioned countries. ABN AMRO and the sanctioned entities knew and discussed the fact that,

without such alterations, amendments and code words, the automated OFAC filters at banks in the United States would likely halt the payment messages and other transactions, and, in many cases, the banks would reject or block the sanctions-related transactions and report the same to OFAC. By removing or altering material information, these payments and other transactions would pass undetected through filters at U.S. financial institutions. This scheme allowed U.S. sanctioned countries and entities to move hundreds of millions of dollars through the U.S. financial system.

The BSA violations involved the failure of the New York branch of ABN AMRO to maintain adequate anti-money laundering procedures and processes. According to court documents, beginning as early as January 1998 and continuing until approximately December 2005, ABN AMRO's New York branch office willfully failed to establish an adequate AML program. According to court documents, the office did not have adequate staffing, training and oversight, which permitted multiple high-risk shell companies and foreign financial institutions to use the bank to launder money through the United States. According to court documents, more than \$3.2 billion dollars involving shell companies and high risk transactions with foreign financial institutions flowed through ABN AMRO's New York branch. ABN AMRO also admitted it failed to maintain proper documentation regarding its customers or maintain readily available documentation about its high risk clients.

"If global banks and businesses wish to conduct financial transactions in America, they are welcome to do so as long as they abide by our laws that govern those transactions," said Victor S. O. Song, Chief, IRS Criminal Investigation. "The IRS is proud to share its hallmark financial investigative expertise in this and other increasingly sophisticated financial investigations. Indeed, creating new strategies and models of cooperation among governments on international financial compliance is a top priority for the IRS."

"This agreement is the result of tremendous work by agents, investigators and analysts—here and abroad—who were able to piece together this international crime. Whether or not a threat is overt in nature, together with our partners, we remain vigilant," said Assistant Director in Charge Shawn Henry of the FBI's Washington Field Office.

Throughout the investigation, ABN AMRO has provided prompt and substantial cooperation, including working with U.S. and foreign regulators. ABN AMRO has also committed substantial resources to conducting an extensive internal investigation into their misconduct and has agreed to enhance its sanctions compliance programs to be fully transparent in its international payment operations.

In light of the bank's remedial actions, previous penalty payments and consent agreements, and its willingness to acknowledge and accept responsibility for its actions, the Department of Justice has agreed to recommend the dismissal of the information in one year, provided ABN AMRO fully cooperates with, and abides by, the terms of the deferred prosecution agreement. In December 2005, ABN AMRO entered into a consent decree and paid penalties involving OFAC, the Board of Governors of the Federal Reserve System, the State of Illinois Department of Financial and Professional Regulation, the New York State Banking Department, De Nederlandsche Bank and the U.S. Treasury's Financial Crimes Enforcement Network.

The case was prosecuted by Steven Pelak, formerly with the U.S. Attorney's Office for the District of Columbia; Cynthia Stone, formerly with the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS); AFMLS Trial Attorney Kevin Gerrity; and Assistant U.S. Attorney for the District of Columbia Denise Cheung; and was supported by Laurie Bender of AFMLS. The case was investigated by IRS-Criminal Investigation's Washington Field Division and the FBI's Washington Field Office. The Department of Justice also expresses gratitude to OFAC, the New York Federal Reserve and the Board of Governors of the Federal Reserve System for their significant and valuable assistance.

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