

# Media Release



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For Release: 25 August 2009

## **ANZ reaches settlement over trade finance transactions subject to US economic sanctions**

ANZ today confirmed it had reached agreement with the US Department of the Treasury's Office of Foreign Assets Control (OFAC) concerning 31 trade finance transactions conducted between 2004 and 2006 involving parties in Sudan and Cuba - countries subject to US economic sanctions.

After a payment related to a trade finance transaction was blocked in January 2006, ANZ conducted a review of trade finance transactions conducted between 2001 and 2006 and its compliance with US economic sanctions. The additional trade finance transactions identified were disclosed to OFAC and ANZ publicly disclosed the review results in February 2007. No breaches of Australian law or Australian or United Nations economic sanctions were involved.

The agreement with OFAC involves a payment of US\$5.75 million (A\$6.95 million) by ANZ to settle alleged violations of US economic sanctions and a commitment by ANZ to continue the enhanced program of economic sanction oversight and compliance commenced in 2006.

ANZ Chief Risk Officer Chris Page said: "ANZ recognises that during the 2004 to 2006 period, the Bank's compliance with US economic sanctions did not meet the high standards we expect.

"We've worked hard with regulators over the past three and a half years to comprehensively address the issues identified. This has included more robust policies and procedures, and a Group-wide sanctions compliance training program for staff," Mr Page said.

Measures taken by ANZ to strengthen compliance with economic sanctions include:

- Strengthening management and compliance oversight including new approval procedures.
- Establishing additional full time roles dedicated to sanction compliance.
- Enhancing sanction compliance awareness training.
- Undertaking technology investments to upgrade automated sanction filters and screening.

In October 2007 the US Government amended its International Emergency Economic Powers Enhancement Act significantly increasing penalties for breaches of US economic sanctions. The increased penalties applied to the matters ANZ had disclosed to OFAC and that were then pending a decision by OFAC.

OFAC significantly mitigated ANZ's total potential penalty based on the Bank's substantial cooperation, prompt and thorough remedial response, and the fact that ANZ had not been subject to an OFAC enforcement action in the five years preceding the transactions at issue.

The Australian Prudential Regulation Authority (APRA) has been kept informed of ANZ's US economic sanction review, its remediation program and the dialogue with US regulators and APRA will continue to review the resolution of final remediation actions.

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