
Joint Release

**Board of Governors of the Federal Reserve System
Financial Crimes Enforcement Network**

For Immediate Release

August 6, 2007

**Civil money penalties assessed against American Express Bank International
and American Express Travel Related Services Company, Inc.**

The Board of Governors of the Federal Reserve System and the Financial Crimes Enforcement Network (FinCEN) on Monday announced that they have concurrently assessed \$20 million in civil money penalties against American Express Bank International (AEBI) of Miami, Florida for violations of the Bank Secrecy Act (BSA). In addition, FinCEN announced a separate \$5 million civil money penalty against American Express Travel Related Services Company, Inc., a money services business, located in Salt Lake City, Utah, for its violations of the BSA.

The orders are part of coordinated actions with the U.S. Department of Justice, which is today announcing the execution of a deferred prosecution agreement with AEBI in connection with charges that the company failed to maintain an anti-money laundering program. AEBI will forfeit \$55 million to the United States to settle the Department's forfeiture claims.

The payments to be made by the American Express entities under these actions total \$65 million. FinCEN's total penalties of \$25 million will be satisfied by a single \$10 million payment to the U.S. Department of the Treasury, and the remaining \$15 million satisfied by a portion of the \$55 million forfeiture to the U.S. Department of Justice. The Federal Reserve Board's \$20 million penalty will be deemed satisfied by the payments made by AEBI to the U.S. Department of Justice and FinCEN.

The Federal Reserve Board concurrently issued a Cease and Desist Order requiring AEBI to take certain corrective actions. AEBI and American Express Travel Related Services, without admitting any allegations, consented to the payment of the penalties and the issuance of the orders by the Federal Reserve Board and FinCEN.

The Federal Reserve Board based its assessment of a civil money penalty and issuance of a Cease and Desist Order on the failure of AEBI to establish and maintain an adequate anti-money laundering program. AEBI is an Edge Act corporation that offers traditional private banking services. The Federal Reserve Board determined that AEBI had significant breakdowns in carrying out its BSA compliance activities and, as a result, failed to establish and maintain procedures adequately designed to ensure and monitor AEBI's compliance with the BSA and related laws and regulations.

(more)

"Today's action by the Federal Reserve underscores the necessity for banking institutions to have anti-money laundering controls in place that are commensurate with the level of risk associated with their operations. Every banking organization should ensure that its risk-management practices are effective in mitigating the risks associated with its particular operations," said Roger T. Cole, director of the Federal Reserve Board's Division of Banking Supervision and Regulation.

FinCEN determined that AEBI repeatedly failed, over the course of several years, to adequately respond to certain supervisory findings with respect to the effectiveness of account monitoring controls to ensure compliance with the BSA. FinCEN also determined that AEBI failed to implement adequate internal controls, failed to conduct adequate independent testing, and failed to designate compliance personnel to ensure compliance with the BSA. AEBI operated in certain high-risk jurisdictions and business lines without commensurate systems and controls to detect and report money laundering and other suspicious activity in a timely manner, as well as manage the risks of money laundering, including the potential for illicit drug trafficking-based Black Market Peso Exchange transactions. FinCEN also determined that the money services business, a wholly-owned subsidiary of American Express Company, failed to file a significant number of suspicious activity reports in accordance with the BSA.

"These joint and concurrent actions serve as another example of collaboration by federal agencies to apply a consistent approach to Bank Secrecy Act enforcement," said FinCEN Director James H. Freis, Jr. "Enforcement actions, especially major enforcement actions, are rare and only applied when appropriate. It is a well-considered public policy choice to place BSA responsibilities on our financial institutions which serve as gatekeepers to the financial system. The information lost when a company fails in its obligations puts other companies, and the broader financial system, at risk."

Copies of the agencies' enforcement actions are attached.

###

Attachments

U.S. Department of Justice
[Press Release](#)

Federal Reserve Board
[Order of Assessment of a Civil Money Penalty](#)

Financial Crimes Enforcement Network
[Assessment of Civil Money Penalty](#)