



NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
ONE STATE STREET  
NEW YORK, NEW YORK 10004

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In the Matter of :  
MASHREQBANK, PSC :  
.....X

**CONSENT ORDER**

The New York State Department of Financial Services (the “Department”) and Mashreqbank, PSC (“Mashreq” or the “Bank”) are willing to resolve the matters described herein without further proceedings;

WHEREAS, Mashreq is an international banking institution with more than 37 branches and assets totalling over \$44 billion and is licensed by the Department to operate a foreign bank branch in New York State;

WHEREAS, as of March 2021, Mashreq’s New York Branch (the “New York Branch” or the “Branch”) has assets totaling approximately \$1.5 billion and (along with its predecessor entity) has been fully operational in New York since 1989;

WHEREAS, on or about June 18, 2015, the United States Treasury Department Office of Foreign Assets Control (“OFAC”) issued a subpoena to the Bank seeking information regarding historical Sudan-related USD payment processing activity of the Bank and its branches, as well

as any associated policies and processes in place between January 1, 2005, and December 31, 2014 (the “Investigation Period”);

WHEREAS, the Department began an investigation into whether USD transactions of the Bank that were made for the benefit of Sudanese parties during the Investigation Period were in compliance with New York State laws, rules, and regulations, including requirements whereby licensed financial institutions must monitor and prevent transactions that violate OFAC guidelines;

WHEREAS, on October 10, 2018, the Department and the Bank entered into a Consent Order (the “2018 Consent Order”) under which the Department found that the Bank failed to maintain an effective and compliant Anti-Money Laundering (“AML”), U.S. Bank Secrecy Act (“BSA”), and OFAC program as required under New York laws and regulations and pursuant to which the Bank agreed to pay the Department \$40 million, hire a third-party compliance consultant and a “lookback consultant,” along with other remedial actions and engage in full and complete cooperation with the Department;

WHEREAS, the Department continued its investigation into USD transactions of the Bank relating to Sudan during the Investigation Period, while continuing to supervise the New York Branch and monitor the Bank’s compliance with the 2018 Consent Order,

WHEREAS, the Bank has fully cooperated with the Department’s investigation, including by reporting on the results of its internal investigation of the matter, and has voluntarily undertaken significant remediation to prevent similar sanctions violations from recurring;

NOW THEREFORE, to resolve this matter without further proceedings pursuant to the Superintendent's authority under Sections 39 and 44 of the Banking Law, the Department finds as follows:

**THE DEPARTMENT'S FINDINGS FOLLOWING INVESTIGATION**

Introduction

1. In an effort to preserve national security, as well as to demonstrate strong opposition to governments that engage in human rights violations, terroristic actions, and denials of religious freedoms, the President of the United States, by the authority invested in him by the United States Constitution, the International Economic Powers Act, the National Emergencies Act, and section 301 of Title 3 of the United States Code, has the power to impose economic sanctions on other governments around the globe. In 1997, President Clinton exercised these powers and imposed sanctions upon the Government of Sudan, sanctions that continued in full until January 2017 and in more limited respects until 2020. Sudan was designated a State Sponsor of Terrorism by the United States in 1993, and the 1997 sanctions were imposed due to the Government of Sudan's "continued support for international terrorism; ongoing efforts to destabilize neighboring governments; and the prevalence of human rights violations, including slavery and the denial of religious freedom....." (*See* E.O. 13067).

2. The sanctions previously in effect against Sudan, as those in effect with respect to other countries, are enforced by a number of Federal and State agencies, including the OFAC within the United States Treasury Department. As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf

of, the sanctioned countries. Such individuals and companies, along with others sanctioned for non-country specific reasons, are called “Specially Designated Nationals” (“SDNs”).

3. Financial institutions operating in the United States during the relevant time period, including those licensed by New York State, were required to abide by the limitations imposed by the sanctions against Sudan generally by refraining from conducting business with Sudan, the Sudanese government, and any Sudanese SDNs.

4. As detailed below, the evidence presently before the Department demonstrates that, notwithstanding an evident awareness of the applicability of the long-standing Sudanese sanctions, between 2005 and 2009, the Bank by design, structured Sudan-related payments to avoid detection of the Sudanese element by U.S.-based banks. Between 2005 and February 2009 alone, Respondents processed over 1,740 payments, totaling over \$4 billion USD, for Sudanese entities in direct violation of the United States sanctions. Between 2010 and 2014, the Bank processed certain additional payments that were prohibited by the Sudanese sanctions rules, but which were less obviously tied to Sudan. For example, a number of these customers were not residents or domiciled in Sudan, and their payment instructions did not reference Sudan.

#### Mashreqbank

5. Mashreq was founded in 1967 and is based in Dubai, United Arab Emirates (the “Head Office”). Mashreq has 14 domestic branches in the United Arab Emirates and 26 branches and representative offices abroad, including in Bahrain, Egypt, Hong Kong, India, Kuwait, Qatar, the United Kingdom, and the United States.

6. Mashreq is an international banking institution with assets totaling over \$44 billion and is licensed by the Department to operate a foreign bank branch in New York State.

7. The New York Branch, which opened in 1989, offers correspondent banking and trade finance services, and is a long-standing provider of USD clearing services.

The Department's Findings Relating to Prohibited Transactions

8. Between January 4, 2005, and February 6, 2009, the Bank sent 1,747 outgoing Sudan-related payments, worth over \$4 billion, through financial institutions in the United States, including in some cases the New York Branch, in violation of then-applicable United States sanctions laws and regulations against Sudan. From 2009 through 2014, the New York Branch processed a total of 91 payments valuing approximately \$2.5 million that were prohibited pursuant to the Sudanese sanctions.

9. From no later than January 2005 through the early part of 2009, Mashreq used a series of “cover payments” to conceal the Sudanese connections to transactions, primarily on behalf of the privately-owned Sudanese bank Blue Nile Mashreg Bank<sup>1</sup> (“Blue Nile”), that would otherwise have been prohibited by OFAC. This process involved the use of multiple MT-202s, a SWIFT<sup>2</sup> payment message used for inter-bank transfers. Because of the bank-to-bank nature of these payment instructions, MT-202s merely instructed intermediary banks to move funds across correspondent banking networks without identifying the original ordering bank or ultimate bank. The originator and beneficiary information would be contained only in a separate

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<sup>1</sup> Blue Nile acquired Mashreq's former branch in Khartoum in 2003. Blue Nile itself was not affiliated with Mashreq.

<sup>2</sup> The Society of Worldwide Interbank Financial Telecommunications (“SWIFT”) is an entity owned by a consortium of banks that provides an international network through which banks exchange electronic wire transfer messages. The SWIFT network offers various message types that can be used to transfer funds between banks; each type of message includes various information fields. In 2009, SWIFT changed its payment message format in an effort to make the cover payment methodology more transparent.

bank-to-bank payment message<sup>3</sup> which was sent by Mashreq directly to the ultimate beneficiary bank.

10. Mashreq London used the cover payment method to effect the funds transfers on behalf of Blue Nile by purposefully failing to populate optional field 52 (originating institution) in the MT-202 payment message(s) sent to the intermediary banks in the payment chain (*i.e.*, the cover payment message(s)) and specifying in field 58 (beneficiary bank) the non-Sudanese beneficiary bank of the relevant cover payment. As a result, the intermediary banks in the payment chain did not interdict these payments, and the payments were successfully processed through the U.S. financial system.

11. The bank making the final payment pursuant to this series of messages was a foreign bank, so that it could complete the OFAC-prohibited payment without necessarily violating U.S. law.

12. Mashreq maintained policies and procedures during the Investigation Period prohibiting the use of its correspondent accounts at U.S. banks, including its New York Branch, to process Sudan-related payments unless an OFAC license or exemption applied. Notwithstanding such policies and procedures, Mashreq nevertheless illegally used the cover payment arrangement described above to process payments for Blue Nile.

13. More specifically, Mashreq London funded many of the transfers through a USD account that Mashreq London maintained with the New York branch of an international bank (“NY BANK-1”). The MT-202 cover payment message that Mashreq London sent to NY BANK-1 did not reference the Sudanese originating and beneficiary bank. NY BANK-1

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<sup>3</sup> Because Blue Nile used Mashreq London to transfer funds to Blue Nile accounts at other non-U.S. banks, Mashreq simply sent another MT-202 to the bank making the final payment, however this MT-202 functioned like an MT-103 and fully identified the prohibited parties to the transaction.

therefore did not know that it was facilitating USD transactions for the benefit of Sudanese entities. Accordingly, the payments were allowed to pass through NY BANK-1's OFAC sanction filters without triggering alerts or freezes.

14. In some cases, Mashreq instructed NY BANK-1 to debit its USD account and transfer those funds to a New York bank licensed by the Department, DEPARTMENT LICENSEE-1, for further credit to an international bank that would then make the prohibited payment. Again, the MT-202 sent by Mashreq to DEPARTMENT LICENSEE-1 deliberately omitted any reference to a Sudanese entity as the originator or beneficiary of the transaction.

15. The New York Branch was also involved in a number of these transfers: when Mashreq's USD correspondent account with a bank lacked the funds necessary to effectuate the transaction, the New York Branch received an MT-202 from Mashreq London instructing it to transfer funds for further credit to the correspondent account requiring replenishment. In this fashion, the transfer from the New York Branch, in effect, provided the dollars that were used in the Sudan-linked transaction chain. The MT-202 sent to the New York Branch by Mashreq London did not identify the Sudanese links to these transactions, and therefore the New York Branch did not knowingly process any such Sudan-related payments.

16. Had Mashreq London included the information about the Sudanese entities in their wiring instructions, its own New York Branch and the other intermediary banks could not have legally allowed the transactions to be processed, and likely would have rejected or blocked them, as they would have violated then-current sanctions rules.

17. In this fashion, the Bank was involved in a prohibited export of services from the United States to Sudan and involved U.S. persons and entities in the transactions, all in violation of then-applicable sanctions rules.

### The Bank's Policies and Procedures Facilitated the Prohibited Transactions

18. Prior to 2001, the Bank's internal processes showed an awareness of the United States' Sudanese sanctions regime and its relevance to Mashreq. The Bank's written procedures in place at the time specifically stated that "[Mashreq Bank] New York is to be considered a U.S. entity for the limited purpose of compliance with OFAC guidelines, as non-compliance of any sort may invite direct action including imposition of penalty by U.S. authorities."

19. Nevertheless, the Bank's pre-2001 processes were designed to avoid notifying other banks of the Sudanese connections to certain transactions. The Bank instructed its employees to omit "any information (about Sudan) which could trigger [a] freeze as per U.S. Laws pertaining to the subject." To accomplish this, Bank procedures required employees to populate "Mashreqbank" as the ordering institution in the relevant field of the SWIFT payment message, instead of identifying the actual Sudanese ordering institution. In addition, employees were to use "self" as the ordering customer instead of the actual customer of the Sudanese institution.

### The 2001 Procedures

20. In 2001, the Bank began the process of reviewing its operational procedures relating to sanctions compliance after the New York Branch repeatedly submitted requests for additional information related to payment instructions received from other Mashreq branches that referenced "self" in the relevant fields or otherwise failed to include the complete details for the originator or beneficiary. For example, in April 2001, a Mashreq NY Compliance employee sent a strongly worded email to the Head Office, complaining that the Bank's then-current practice of submitting incomplete identifying information conflicted with the branch's legal obligations pursuant to the Bank Secrecy Act. The email closed with the New York Compliance



employee warning that “in the future payment instructions . . . must contain [identifying information for both the originator and beneficiary]. Not doing so is a direct violation of [the Bank Secrecy Act.]”

21. By mid-May 2001, the internal processes for Sudanese transactions were updated to require: (1) the manual screening, prior to processing, of the ordering customer, ordering and beneficiary banks and beneficiary, against a hard-copy of the OFAC SDN list; and (2) the inclusion in relevant payment instructions sent by Mashreq of only the “necessary details of the ordering institution, ordering customers and beneficiary.” At that time it was also noted that the Bank needed to develop “a legally/[Risk Management Department] accepted procedure” for processing transactions from entities appearing on the SDN list.

22. Later that same month, the Bank proposed a modified set of operating procedures that specifically prohibited transactions where the beneficiary’s account was in the United States and either the ordering customer or the beneficiary customer was on the SDN List. However, for all other transactions, the modified procedures instructed employees to route the payment through Mashreq’s account at an international bank in Switzerland (“SWISS BANK-1”). The procedure instructed employees to leave optional Field 52 (originating institution) in the MT-202 sent to SWISS BANK-1 blank as “it will be assumed by the receiving institution that Mashreq Bank is the ordering institution,” and also instructed that “Sudanese Bank, Khartoum or Sudan or any other short form to indicate these names” not be included anywhere on the payment message sent to SWISS BANK-1.

23. In response to questions raised by the Bank’s general counsel as to the permissibility of the modified operating procedures, the Bank received a legal opinion, dated June 16, 2001, from a Dubai law firm regarding the legality of these processes (the “Legal

Opinion”). The Bank provided the Department with a copy of the payment procedure proposal likely to have been provided to the Dubai law firm, but could not otherwise provide specific details on what additional documents or information was given to the law firm that formed the basis for the opinion. Critically, it is also not clear whether the Dubai law firm was told that U.S.-based banks would be involved in covering transactions related to the Sudanese transfers.

24. The Legal Opinion, drafted by a U.S. lawyer who had been seconded to the Dubai law firm (the “Seconded Attorney”), advised Mashreq that “the OFAC Regulations should not be directly applicable to the activities of Mashreqbank (except with respect to the specific activities of its U.S. branch).” The Legal Opinion further advised that “Mashreqbank’s U.S. branch must be especially vigilant in not facilitating prohibited transactions by its parent due to OFAC’s broad latitude in making such claims and issuing orders against companies, and due to the fact that attempts to rescind or remove incorrect OFAC orders are costly and would not have a high probability of success.”

25. The Legal Opinion correctly cautioned that “the risk exists that OFAC will take actions against the U.S. branch of Mashreqbank upon concluding that Mashreqbank is facilitating transactions with Sudan that are ultimately connected with accounts in the U.S.” It further warned that “Mashreqbank may have other legal and reputation-related concerns with respect to any incomplete or misleading statements or omissions in its wiring instructions and dealings with other banks.”

26. Based on its understanding of the Legal Opinion, the Bank erroneously concluded that, as a non-US bank, it would not violate the OFAC sanctions by processing USD payments for Sudanese Banks in accordance with the modified operating procedure. The Bank issued “Procedures for handling Financial Transactions involving Sudanese Correspondents” in or

around August 2001 (the “2001 Procedures”). The final version of the 2001 Procedures continued to instruct employees to route all Sudan-related payments through SWISS BANK-1, without populating optional Field 52 in the MT-202 payment message sent to SWISS BANK-1.

27. There appears to have been a recognition at very senior levels of the Bank that it was operating in a way that was inconsistent with the law. In June 2002, for example, a Bank employee in the Risk Management Division (“RMD”) division, (“RMD EMPLOYEE-1”), raised concerns about the 2001 Procedures to the Head Office, stating that “I had a detailed meeting with Head of Compliance, Head of RMD, and Head of Audit where it was agreed that the current procedure to handle [Sudan-related payments] by MB Head Office is not compliant as it suppresses some fields. The suppression could expose the bank unnecessarily. It requires to be revisited [SIC] to ensure full compliance.” Despite RMD EMPLOYEE-1’s ultimately correct warning, no changes to the operating procedures were made. Illegal Sudanese transactions through U.S. entities continued in accordance with the 2001 Procedures for the next several years.

*The 2005 Compliance Circular*

28. In April 2005, a Compliance Circular (the “2005 Circular”) was distributed within the Bank that stated that USD transactions involving OFAC-sanctioned countries should generally be avoided, and, when such transactions were necessary, should not involve the Bank’s accounts at U.S. banks.

29. To comply with the 2005 Circular, the Bank used an international bank in Switzerland (“SWISS BANK-2”) to clear Sudan-related USD payments.

30. Despite utilizing this intermediary institution, the USD transactions ultimately processed through SWISS BANK-2 flowed through the U.S. financial system, thus causing the transactions to violate OFAC regulations in any event.

31. Further, although it received the 2005 Circular on April 25, 2005, Mashreq London continued to route various Sudanese transactions, primarily conducted on behalf of Blue Nile, through banks in the United States, without referring the transactions to the Bank's Compliance department as required by the Compliance Circular.

*The 2006 Work Instruction*

32. At an April 25, 2006, meeting, the Bank's leadership, including individuals from the Audit and Compliance Departments, acknowledged that certain reimbursement payments for trade transactions involving Iran were being made through correspondent banking accounts at the New York Branch. It was thus determined that "[a]n urgent change in process was needed, as per the MashreqBank policy, no proceeds which breach the U.S. Sanction/Embargo/Regulation, are to be paid/received through MashreqBank New York directly or indirectly."

33. The April 25, 2006, meeting resulted in a formalized work instruction (the "2006 Work Instruction"), which set out the procedure to be followed by the Bank's branches when processing USD payments involving sanctioned countries, including Sudan. The 2006 Work Instruction laid out wiring instructions for USD transactions for the London, Hong Kong, and Mumbai branches, requiring that such transactions be routed through SWISS BANK-2, and prohibited the direct or indirect involvement of Mashreq's accounts at U.S. banks in such transactions. Bank officials believed that this plan would allow the Bank to process Sudan-related transactions without violating OFAC regulations.

34. Despite having received the procedures outlined in the 2006 Work Instruction, and having had many discussions with Bank personnel regarding the importance and meaning of the same, Mashreq London continued to process transactions on behalf of Blue Nile, and other Sudanese banks, through NY BANK-1 using cover payments. The “cover” payment messages sent by Mashreq London to the intermediary banks did not identify the Sudanese links to the transaction.

*The 2007 Internal Sanctions Guidance*

35. In late 2007, Mashreq’s Head Office received a summary of the then-applicable procedures for processing “all transactions that could fall under the ambit of compliance / regulatory policy.” The 2007 Operating Procedure explicitly stated that Mashreq would not process any payments related to Iran in USD. However, the same document also reflected the use of MT-103/MT-202 cover payments to process Sudan-related USD payments through SWISS BANK-2, without mentioning the ordering institution in the MT-202 sent to SWISS BANK-2. Although concerns were raised about the omissions in the MT-202s, the Head Office ultimately accepted the practice based on the understanding that Mashreq did not populate optional Field 52 (ordering institution) in MT-202 cover payment messages generally. Mashreq continued to process payments on behalf of its Sudanese bank clients until 2009.

*2009-2014 Cessation of Sudan-Related Transactions*

36. In January 2009, for the first time, SWISS BANK-2 rejected a Sudan-related USD transaction sent by the Bank. SWISS BANK-2’s communication to the Bank regarding the rejection stated: “Please be advised that in accordance with internal rules and regulations

[SWISS BANK-2] does no longer execute third party payments involving Iran, Sudan, Cuba, North Korea or Myanmar.”

37. The reason for SWISS BANK-2’s cessation of this practice became apparent the next day, when news broke that SWISS BANK-2 was being investigated by the New York County District Attorneys’ Office for violating economic sanctions rules. Upon learning this news, Mashreq officials decided to close all USD accounts held by Sudanese banks with Mashreq. Although the last Mashreq account held by a Sudanese bank was not closed until June 2013, it was frozen effective February 2009 and processed no transactions between February 2009 and its closing.

38. The transaction cancellation notice, together with the news of the investigation into SWISS BANK-2’s sanctions practices, put the Bank on notice that their prior procedures with respect to Sudan-related transactions were problematic. However, the Bank did not report these transactions to the Department until after receipt of OFAC’s Subpoena in 2015.

#### The 2018 Consent Order

39. On October 10, 2018, the Department and the Bank entered into the 2018 Consent Order concerning deficiencies relating to the Bank’s AML/BSA and OFAC program.

40. The Department fined the Bank \$40 million for its failure to maintain an effective and compliant anti-money laundering program, in violation of 3 N.Y.C.R.R. § 116.2 and for its failure to maintain and make available at the Branch appropriate books, accounts and records reflecting all transactions and actions relating to its rationales for closing OFAC-related investigations and inadequate documentation of investigations identified in the Branch’s OFAC Investigation Log, in violation of New York Banking Law § 200-c.

41. In its considerations regarding the 2018 Consent Order, the Department gave substantial weight to the laudable conduct of the Bank, among other factors, in agreeing to the civil penalty imposed and the terms and remedies of the 2018 Consent Order. In particular, the Department acknowledged that the Bank demonstrated an interest in, and commitment to, remediating the shortcomings identified by the Department, and to building an effective and sustainable BSA/AML and OFAC compliance program. The Bank also demonstrated its commitment by devoting substantial financial and corporate resources to enhancing the compliance function at the New York Branch.

42. The Department has given substantial weight to the continued cooperation of the Bank described in the paragraphs above and the Bank's demonstrated commitment to building an effective and sustainable BSA/AML and OFAC compliance program, among other factors, in agreeing to the civil penalty imposed and the terms and remedies of this Consent Order.

#### Violations of Law and Regulations

43. Prior to closing the USD accounts of Sudanese banks at Mashreq London and Mashreq Head Office in February 2009, Mashreq processed numerous OFAC-prohibited transactions through the United States with U.S. correspondent banks (including the New York Branch and other DFS licensees) that it knew or had reason to know were on behalf of Sudanese entities. It is clear that the systems and controls in place at the Bank to ensure compliance with applicable laws and regulations were not effective in a meaningful way. Accordingly, Mashreq conducted business in an unsafe and unsound manner, in violation of New York Banking Law § 44.

44. Due to the Bank's failure to include critical information about the Sudanese nature of these transactions in the SWIFT messages used to facilitate them, the Bank failed to

maintain and make available true and accurate books, accounts, and records reflecting the true nature of all transactions and actions in violation of New York Banking Law § 200-c.

45. The Bank failed to maintain an effective OFAC compliance program, in violation of 3 N.Y.C.R.R. § 116.2.

46. To facilitate USD clearing transactions during the Investigation Period, the Bank failed to disclose the Sudanese connections in transactions performed on behalf of Sudanese entities, which would have otherwise been prohibited by OFAC. Accordingly, the Bank, through its officers and employees, omitted true entries of certain material information pertaining to the business of the Bank so as to deceive or mislead Bank directors, trustees, and officers, as well as the Superintendent and other employees of the Department in violation of 3 N.Y.C.R.R. § 3.1.

47. Pursuant to Section 300.1(a), Title 3 of the New York Codes, Rules, and Regulations, entities licensed under the Banking Law “shall submit a report to the Superintendent immediately upon the discovery of . . . [the] making of false entries and omission of true entries . . . whether or not a criminal offense, in which any director, trustee, partner, officer, employee (excluding tellers), or agent of such organization is involved.” The Bank received notice that SWISS BANK-2 was cancelling all Sudan-related transactions and therefore, the Bank was aware of incomplete entries made in the SWIFT messages involving U.S. banks. Because the Bank did not report the same to the Department until the Bank received the administrative subpoena from OFAC in 2015, the Bank violated 3 N.Y.C.R.R. § 300.1(a).

48. The Bank was aware, as early as 2009, that SWISS BANK-2 was being investigated by authorities for violations of sanctions laws. The Bank did not affirmatively report to the Department the improper transactions or the misleading entries designed to facilitate them, until after receipt of the OFAC subpoena in 2015. Therefore, the Bank failed to submit a report



to the Superintendent of one or more incidents that appeared to “relate[] to a plan or scheme” that “would be of interest to similar organizations located in the same area or throughout the state,” in violation of 3 N.Y.C.R.R. § 300.4.

NOW THEREFORE, to resolve this matter without further proceedings, the Department and the Bank stipulate and agree to the following terms and conditions:

### **SETTLEMENT PROVISIONS**

#### Monetary Penalty

49. The Bank shall pay a penalty pursuant to Banking Law § 44 to the Department in the amount of \$100,000,000.00. The Bank shall pay one third of the total penalty amount, or \$33.3 million, within ten (10) days of executing this Consent Order; the Bank shall pay an additional one third of the penalty amount, or \$33.3 million on or before the one year anniversary of the execution of this Consent Order; the Bank shall pay the remaining balance of the penalty amount on or before the two year anniversary of the execution of this Consent Order. Each of the payments shall be in the form of a wire transfer in accordance with instructions provided by the Department.

50. The Bank shall not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

51. The Bank shall neither seek nor accept, directly or indirectly, reimbursement or indemnification with respect to payment of the penalty amount, including but not limited to payment made pursuant to any insurance policy.

#### OFAC Compliance Program

52. As the OFAC Compliance program has been determined to be adequate with

sufficient controls in place, within one-hundred and eighty (180) days of the execution of this Consent Order, Mashreq shall submit a status report to the Department with updates on the status and sustainability of the Bank's OFAC compliance program. At a minimum, the Status Report shall include information on:

- a. Mashreq's policies and procedures to ensure continuing compliance with applicable OFAC regulations by Mashreq's global business lines, including screening with respect to transaction processing and trade financing activities for the direct and indirect customers of Mashreq and its subsidiaries;
- b. Mashreq's system of internal controls, including how it remains reasonably designed to ensure compliance with sanctions requirements and relevant federal and state laws and regulations and all requirements relating to correspondent accounts for foreign financial institutions; and
- c. Mashreq's continued training of its employees in OFAC-related issues, as appropriate to the employee's job responsibilities, and how often this training occurs.

#### Full and Complete Cooperation of Mashreq

53. The Bank commits and agrees that it will fully cooperate with the Department regarding all terms of this Consent Order.

#### Further Action by the Department

54. No further action will be taken by the Department against the Bank or its successors for the conduct set forth in this Consent Order, or in connection with the remediation set forth in this Consent Order, provided that the Bank fully complies with the terms of the Consent Order.

55. Notwithstanding any other provision of this Consent Order, however, the Department may undertake additional action against the Bank for any transaction or conduct that was not disclosed in the written materials submitted to the Department in connection with this matter.

#### Waiver of Rights

56. The Bank submits to the authority of the Superintendent to effectuate this Consent Order.

57. The parties understand and agree that no provision of this Consent Order is subject to review in any court, tribunal, or agency outside the Department.

#### Parties Bound by the Consent Order

58. This Consent Order is binding on the Department and the Bank, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or law enforcement authority.

#### Breach of Consent Order

59. In the event that the Department believes the Bank to be in material breach of the Consent Order, the Department will provide written notice to the Bank, and the Bank must, within ten (10) business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

60. The Bank understands and agrees that its failure to make the required showing within the designated time period shall be presumptive evidence of the Bank's breach. Upon a finding that a breach of this Consent Order has occurred, the Department has all the remedies available to it under New York Banking and Financial Services Law, and any other applicable

laws, and may use any evidence available to the Department in any ensuing hearings, notices, or orders.

Notices

61. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

Desiree S. Murnane  
Senior Assistant Deputy Superintendent  
Consumer Protection and Financial Enforcement  
New York State Department of Financial Services  
One Commerce Plaza  
Albany, NY 12257

Madeline W. Murphy  
Assistant Deputy Superintendent for Enforcement  
Consumer Protection and Financial Enforcement  
New York State Department of Financial Services  
One Commerce Plaza  
Albany, NY 12257

For Mashreq:

Marouf Mohamed Shweikeh  
General Counsel  
Mashreqbank, PLC  
P.O. Box 1250  
Dubai, United Arab Emirates

Miscellaneous

62. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

63. This Consent Order may not be altered, modified, or changed unless in writing and signed by the parties hereto.

64. This Consent Order constitutes the entire agreement between the Department and the Bank and supersedes any prior communications, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order.

65. Each provision of this Consent Order shall remain effective and enforceable against the Bank, its successors, and assigns, until stayed, modified, suspended, or terminated by the Department.

66. In the event that one or more provisions contained in this Consent Order shall be held for any reason to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.

67. No promise, assurance, representation, or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

68. Nothing in this Consent Order shall be construed to prevent any consumer or any other third party from pursuing any right or remedy at law.

69. This Consent Order may be executed in one or more counterparts and shall become effective when such counterparts have been signed by each of the parties hereto (the "Effective Date").

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