

DEPARTMENT OF BUSINESS OVERSIGHT

Ensuring a Fair and Secure Financial Services Marketplace for all Californians



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For Immediate Release

July 22, 2015

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**DBO Announces Record \$40 Million
Settlement with Citi Subsidiary Banamex USA**

Resolves Allegations of Money Laundering Rule Violations

SACRAMENTO – The Department of Business Oversight (DBO) today announced Citigroup subsidiary Banamex USA (BUSA) will pay the State \$40 million in civil penalties to resolve allegations Banamex violated federal laws that require banks to maintain adequate anti-money laundering programs.

The \$40 million penalty is the largest ever assessed by the DBO against a bank.

“BUSA agreed three years ago to correct numerous weaknesses in its anti-money laundering program. It has failed to do so,” said DBO Commissioner Jan Lynn Owen. “This [new agreement](#) holds BUSA appropriately accountable for its continued violations.”

The DBO pursued the enforcement action jointly with the Federal Deposit Insurance Corporation (FDIC). The FDIC today announced the assessment of a \$140 million penalty against BUSA, which will be satisfied in part by the DBO’s penalty. The FDIC penalty will be paid to the U.S. Department of the Treasury.

BUSA on Aug. 2, 2012 entered a [consent order](#) with the DBO and FDIC. The order required BUSA to take actions in more than 20 separate areas to correct alleged violations of the federal Bank Secrecy Act, rules governing anti-money laundering and compliance programs, and requirements to report suspicious activity by customers.

Subsequent to the 2012 consent order, the DBO and FDIC found new, substantial violations of the BSA and anti-money laundering mandates over an extended period of time. The “joint stipulation” that lays out the settlement terms states the DBO and FDIC “have reason to believe” BUSA committed numerous violations of federal laws and the 2012 consent order.

BUSA is a California state-chartered commercial bank, with branches in Los Angeles, San Antonio, TX and Houston, TX. At the end of the first quarter of 2015, its assets totaled \$1.06 billion.

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