



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

Enforcement Release: July 15, 2022

**OFAC Settles with American Express National Bank
for \$430,500 Related to Apparent Violations of Foreign Narcotics Kingpin Sanctions
Regulations**

American Express National Bank (“Amex”), a subsidiary of American Express Company, which provides charge and credit card products and travel-related services to consumers and businesses, has agreed to remit \$430,500 to settle its potential civil liability for 214 apparent violations of OFAC’s Kingpin sanctions. Over the course of two months, Amex processed transactions for an account whose supplemental card holder was designated in connection with illegal drug distribution and money laundering. A combination of human error and sanctions compliance program deficiencies enabled the account to engage in \$155,189.42 worth of transactions. The settlement amount reflects OFAC’s determination that the apparent violations were not voluntarily self-disclosed and were non-egregious.

Description of the Apparent Violations

On November 16, 2012, Walter Alexander Del Noyal Marquez (“Marquez”) applied for and obtained a supplemental American Express Centurion Card on an account maintained by a U.S. person at Amex. On May 7, 2018, OFAC designated Marquez pursuant to the Foreign Narcotics Kingpin Sanctions Regulations (FNKSR), 31 C.F.R. Part 598, and added him to OFAC’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”). A few days after OFAC designated Marquez, Amex’s internal sanctions list screening system generated a “high confidence” alert, which was erroneously closed by an operations analyst responsible for conducting the initial review of the alert despite a match against multiple data elements (name, date of birth, and Venezuelan National ID number) and an internal procedural requirement for a second-level review for all high-confidence alerts.

On June 26, 2018, an analyst investigating an anti-money laundering (“AML”) media alert identified and escalated Marquez’s connection to the account. The next day, June 27, 2018, instructions were given to suspend immediately charge privileges on all cards linked to the U.S. person’s account, including Marquez’s supplemental card. However, the employee who entered the suspension code into the system did not include comments indicating that the restriction was sanctions related. Accordingly, when the U.S. person account holder called the following day, on June 28, 2018, to inquire about the account status, a customer care professional removed the suspension. The AML team caught the error the following day and directed the account to be re-suspended. However, the team that carried out this task mistakenly applied the incorrect suspension code, which allowed the account to conduct seven additional transactions after the suspension was lifted on June 28, 2018, before the account was closed on July 6, 2018.

In sum, between approximately May 7, 2018 and July 6, 2018, Amex processed 214 transactions totaling \$155,189.42 involving the account, in apparent violation of the FNKSR, 31 C.F.R. § 598.202 (the “Apparent Violations”).

Amex conducted a comprehensive internal investigation and fully cooperated with OFAC's investigation of the Apparent Violations. Additionally, Amex independently implemented enhancements to ensure appropriate second level-review for high-confidence matches and to enable centralized control over account suspensions by the enterprise sanctions team, minimizing the possibility for human error in both match adjudication and the application of suspension controls.

Penalty Calculation and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$331,288,050. OFAC determined that Amex did not voluntarily self-disclose the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 C.F.R. Part 501, app. A., the base civil monetary penalty amount applicable in this matter equals the sum of the applicable schedule amount for each apparent violation, which is \$574,000.

The settlement amount of \$430,500 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- Amex is a large and sophisticated financial institution with a global presence.
- Amex conferred \$155,189.42 in economic benefit to an account associated with a person on the SDN List who was designated for involvement in illegal drug distribution and money laundering.

OFAC determined the following to be **mitigating factors**:

- Amex cooperated with OFAC and promptly responded to all requests for information throughout the investigation.
- Amex has represented that it undertook the following remedial measures intended to minimize the risk of recurrence of similar conduct in the future:
 - Launching reporting and automated solutions designed to ensure compliance with Amex's internal requirement to perform a second level of review of high confidence sanctions alerts, and to notify Amex's compliance leadership of high confidence sanctions alerts closed without a second level of review.
 - Launching a centralized card account suspension process that can be deployed rapidly by a U.S.-based team and leverages a dedicated suspense code that cannot be removed without the approval of Amex's sanctions compliance team.
 - Conducting various forms of training for relevant personnel, migrating the relevant sanctions screening process to Amex's centralized screening team, and launching

further Quality Control reporting in efforts to ensure consistency and accuracy of alert adjudication.

- Launching a sanctions referral flag in Amex's AML case management system in order to enable automated escalation to Amex's sanctions compliance team of AML cases with a potential sanctions nexus.
- As part of its agreement with OFAC, Amex has undertaken to continue its implementation of these and other compliance commitments.

Compliance Considerations

This action highlights the importance of properly training employees on sanctions compliance procedures and ensuring that those procedures are followed appropriately, especially when high-confidence alerts are generated. Also, consistent application of enterprise-wide compliance measures, including controls to prevent other departments or personnel from overriding a sanctions-related decision to suspend an account, can also help mitigate the risk of a sanctions violation.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program. The *Framework* also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The *Framework* includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Enforcement Guidelines. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at <https://home.treasury.gov/policy-issues/financial-sanctions/civil-penalties-and-enforcement-information>.

For more information regarding OFAC regulations, please visit: <http://www.treasury.gov/ofac>.