

FBME Bank Ltd.

TRANSACTION REVIEW AND ASSESSMENT
WITH RESPECT TO
FINCEN'S NOTICE OF FINDINGS DATED JULY 15, 2014

DECEMBER 5, 2014

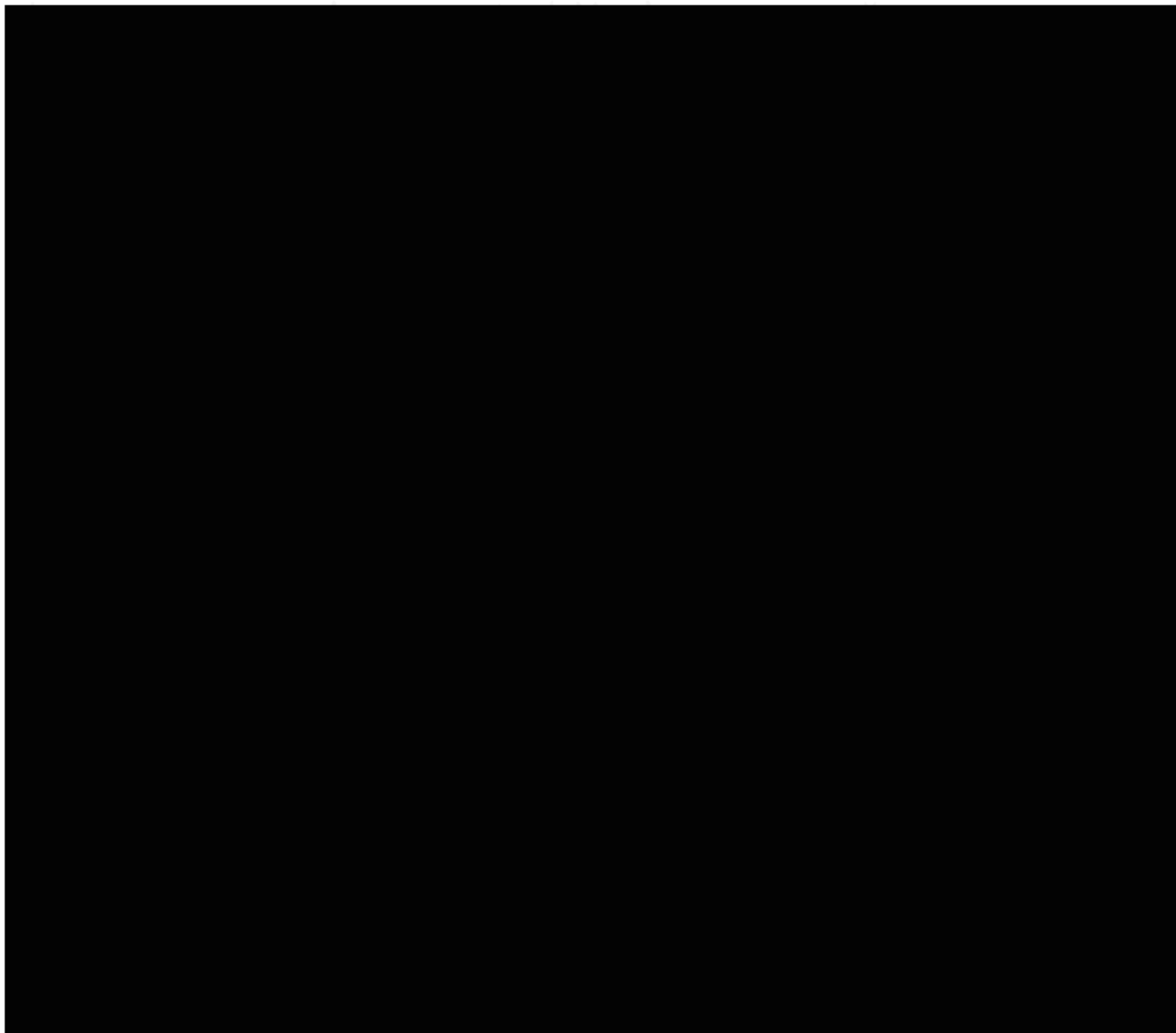
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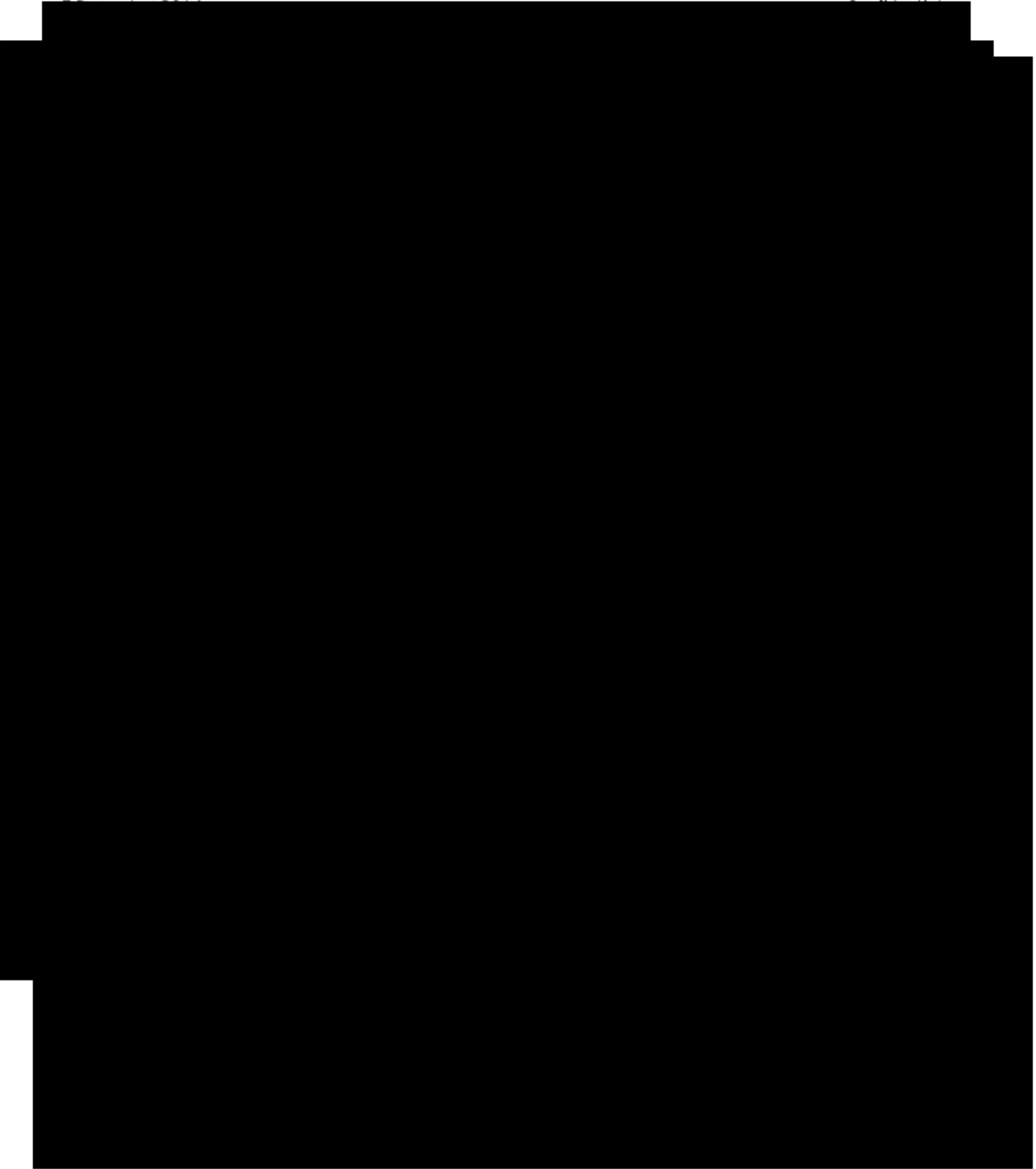
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1. Executive summary

EY is hereby revising its prior Transaction Review and Assessment report dated December 1, 2014 to include corrected information related to a Notice of Finding item. The amended information is reflected below on page 7, section 3.I.A, paragraph 2.

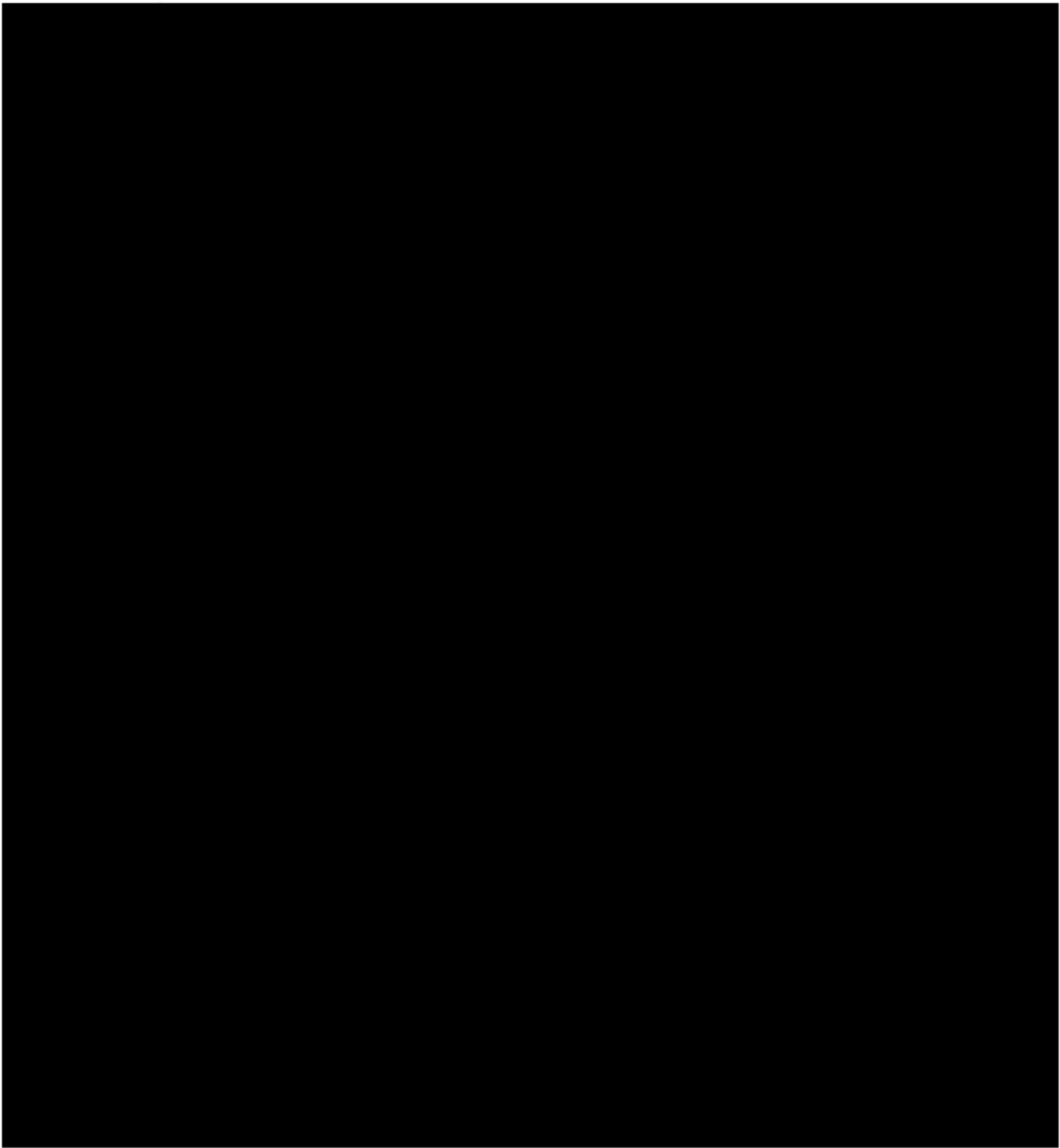
By letter of engagement dated July 30, 2014 ("SOW"), Hogan Lovells US LLP ("Hogan Lovells") retained Ernst & Young LLP ("EY" or "we") in connection with the provision of legal advice to their client, FBME Bank Ltd ("FBME", the "Bank", or the "client") with respect to FinCEN's Notice of Findings ("NOF") dated July 15, 2014 as published by the Financial Crimes Enforcement Network ("FinCEN") in the Federal Register on July 22, 2014.





2.





² Dormant accounts are those that have not had activity for a period of 365 days or more but technically remain open with the Bank.

3. Review Process and Findings in Response to NOF

This Section reviews the eleven statements contained in the NOF that are sufficiently specific to allow for meaningful review and that HL did not address in the Public Comment filed in this matter on September 22, 2014. These eleven NOF statements are analyzed below in subsections I-XI. Each of these subsections provides a summary of EY's findings (subsection A) followed by a more detailed discussion of EY's procedures and findings (subsection B and if applicable subsection C). The statements are reviewed in this section according to the order that they appear in the NOF.

I. NOF Statement: "In 2008, an FBME customer received a deposit of hundreds of thousands of dollars from a financier for Lebanese Hezbollah."

A. Summary of Findings

Following the issuance of the NOF, FBME performed a screening of its entire customer database and all remitting parties named on wire transactions during 2008 against the known list of Hezbollah financiers (i.e., as set forth on the Specially Designated Nationals ("SDN") List maintained by the Treasury Department's Office of Foreign Assets Control ("OFAC")³ and other sanctions lists). This exercise was in addition to FBME's standard transaction monitoring procedures. EY did not identify based on its review of the screening performed by FBME any connection between an FBME customer and Lebanese Hezbollah or a known terrorist financing organization. A summary of the screening conducted by FBME and reviewed by EY is provided below (further details are provided in section B.1 below):

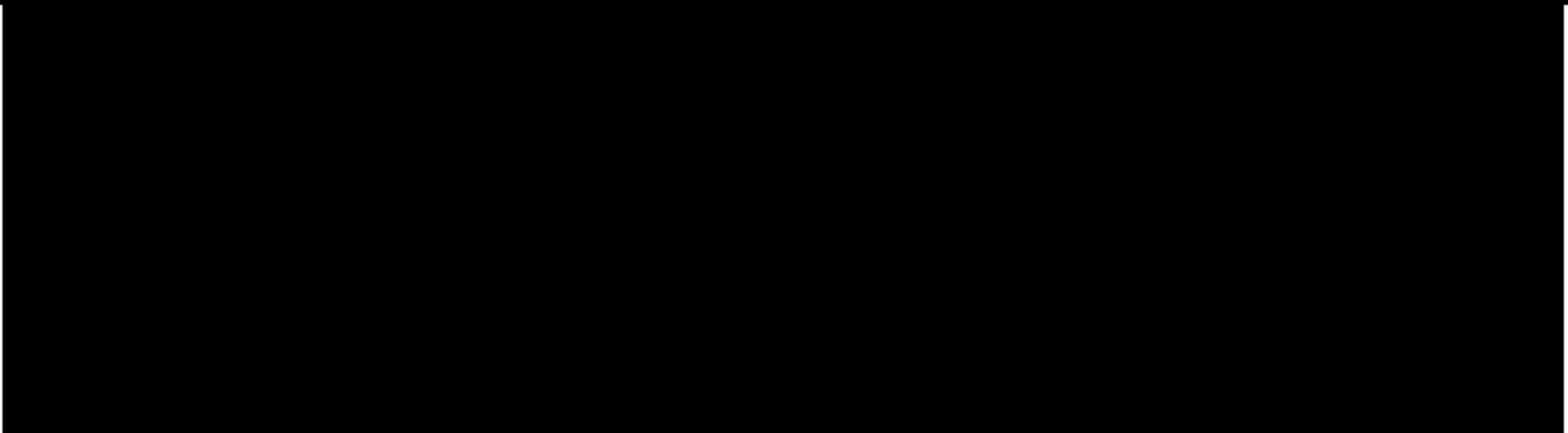
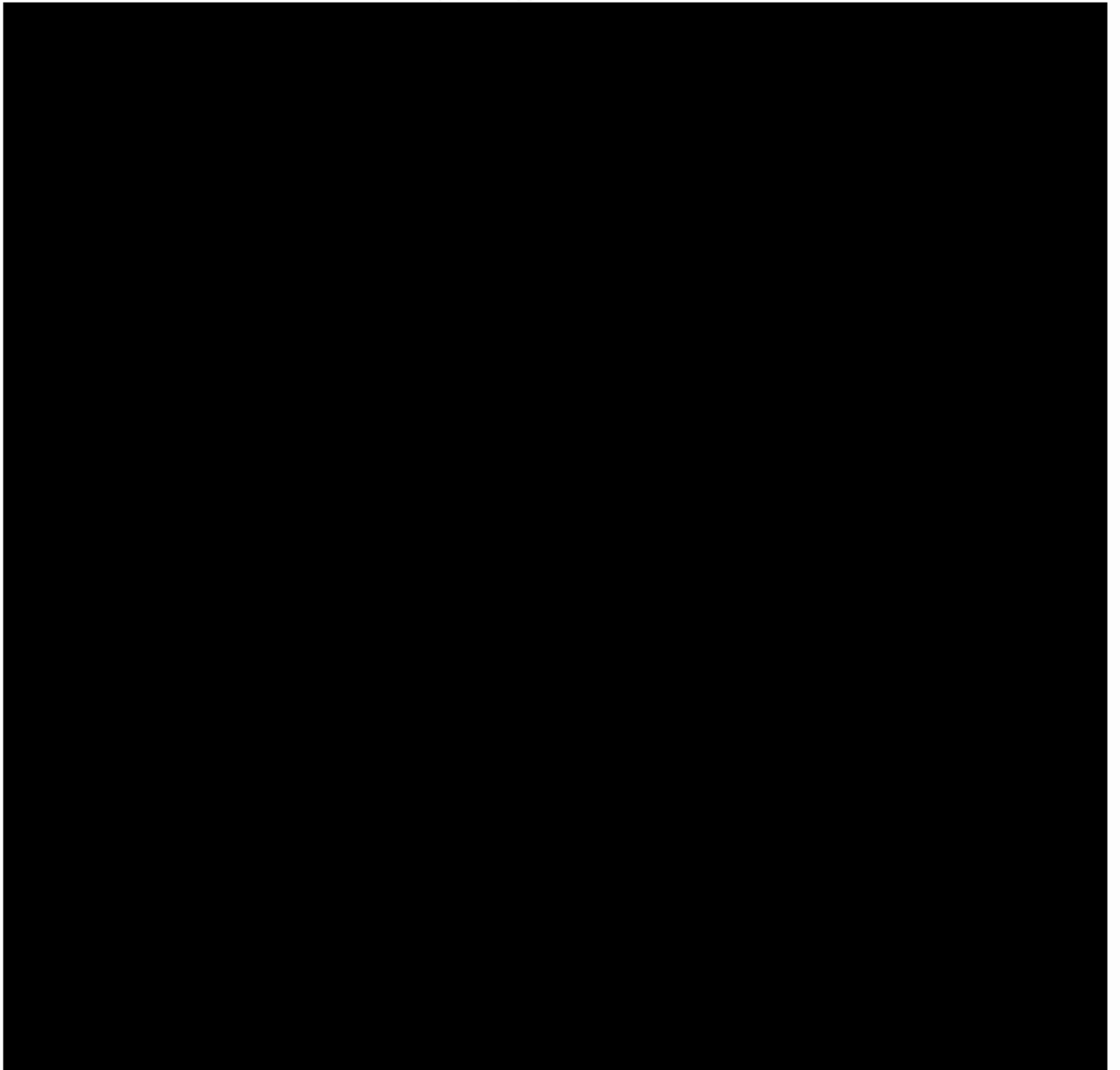
- On 08/12/2014, all customers were screened against the SDN List as well as sanctions lists maintained by the EU, UN, and HM Treasury. The screening yielded one result for an individual [REDACTED] added to the SDN List in May 2014. FBME's regular screening process had already identified this match in May 2014 at the time the individual was added to the SDN List. The Syrian program sanctions imposed by OFAC on this individual are not related to Hezbollah and the Bank indicated that the accounts associated with the entity have been closed or dormant since 2007/2008.
- On 08/14/2014, FBME screened the remitters associated with all 2008 wire transactions against the SDN List as well as sanctions lists maintained by the EU, UN, and HM Treasury. The search yielded no matches.
- On 08/25/2014, FBME also screened its customer list and all remitters, who consisted of non-FBME customers, associated with all 2008 wire transactions against the Japanese, Canadian, Australian, and Swiss sanctions lists. The exercise identified three FBME customers as potential matches against the sanctions list in Australia; however, upon further analysis, EY found that the dates of birth for these parties did not match the persons who were identified in the Australia sanctions list. The FBME Compliance Department had reached the same conclusion.

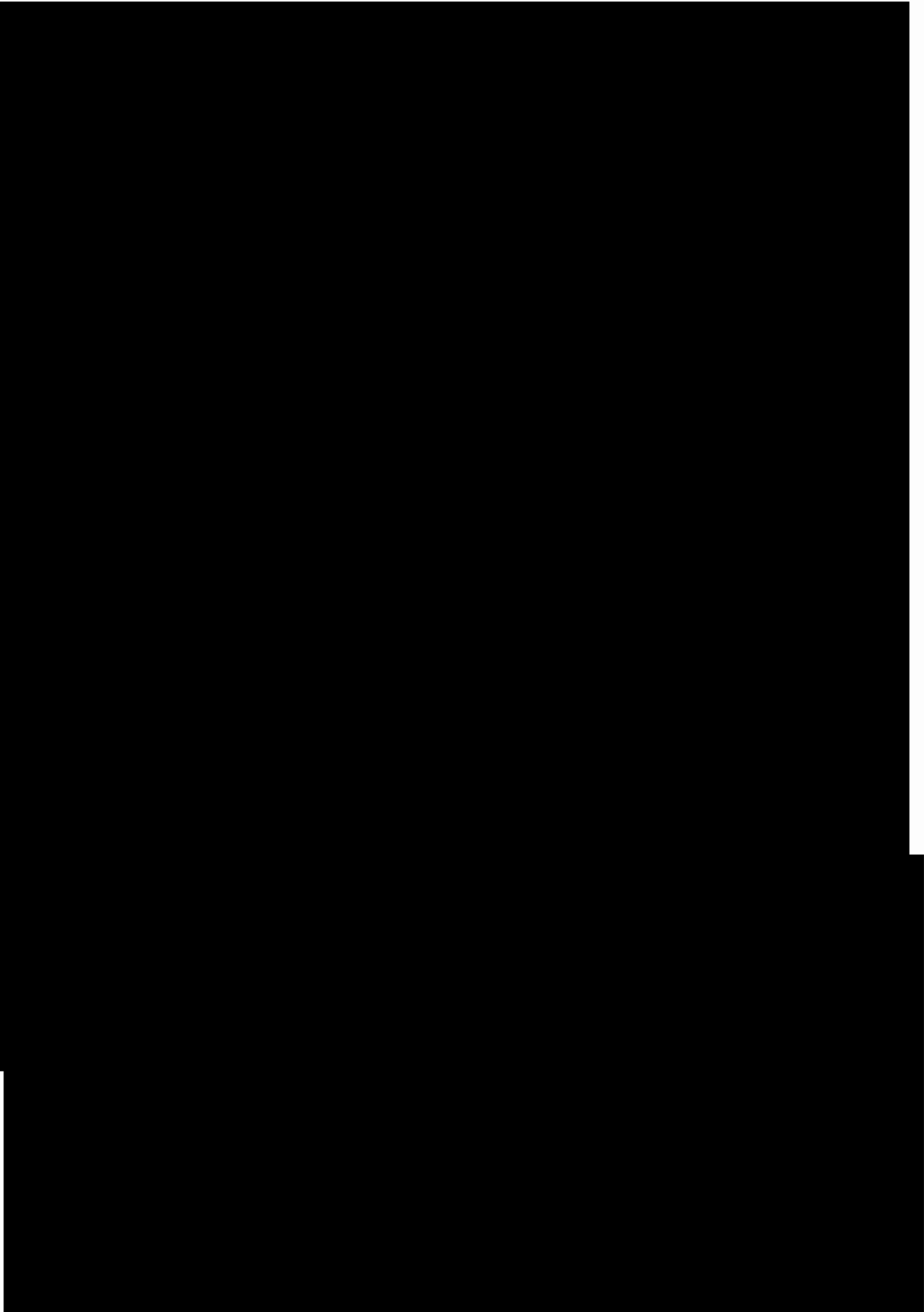
In addition to the searches which FBME performed, EY performed internet research on a targeted list of 52 FBME customers and counterparties highlighted in correspondent bank inquiries during 2008, as well as the review of the customer file provided for a company called RRT Direct Limited ("RRT") (for

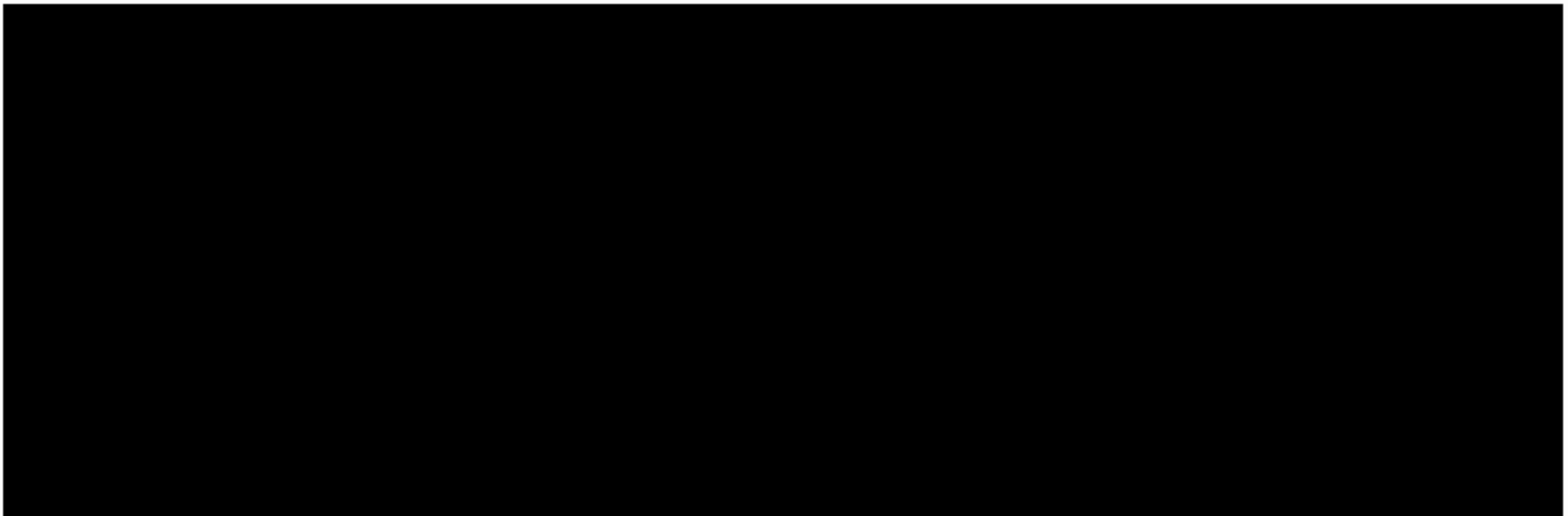
³ The OFAC SDN list utilized in EY's review was derived from the U.S. Department of Treasury's website on 08/17/2014.

reasons described in Section B below). These additional searches also did not yield a link to Hezbollah or terrorist financing per available information and resources.

B. Description of EY Review Process and Findings







- II. **NOF Statement: "Since at least early 2011, the head of an international narcotics trafficking and money laundering network has used shell companies' accounts at FBME to engage in financial activity. In late 2012, the head of the same international narcotics trafficking and money laundering network continued to express interest in conducting financial transactions through accounts with FBME in Cyprus."**

EY reviewed FBME's screening procedures to match the Bank's client list (including UBO information) to the SDN List as well as those names associated with a DEA Investigation that led to OFAC designations of a Lebanese-based drug trafficking and money laundering network. EY noted that FBME's comparison of its customers and remitting parties resulted in no matches to either the SDN List or the DEA Investigation list.

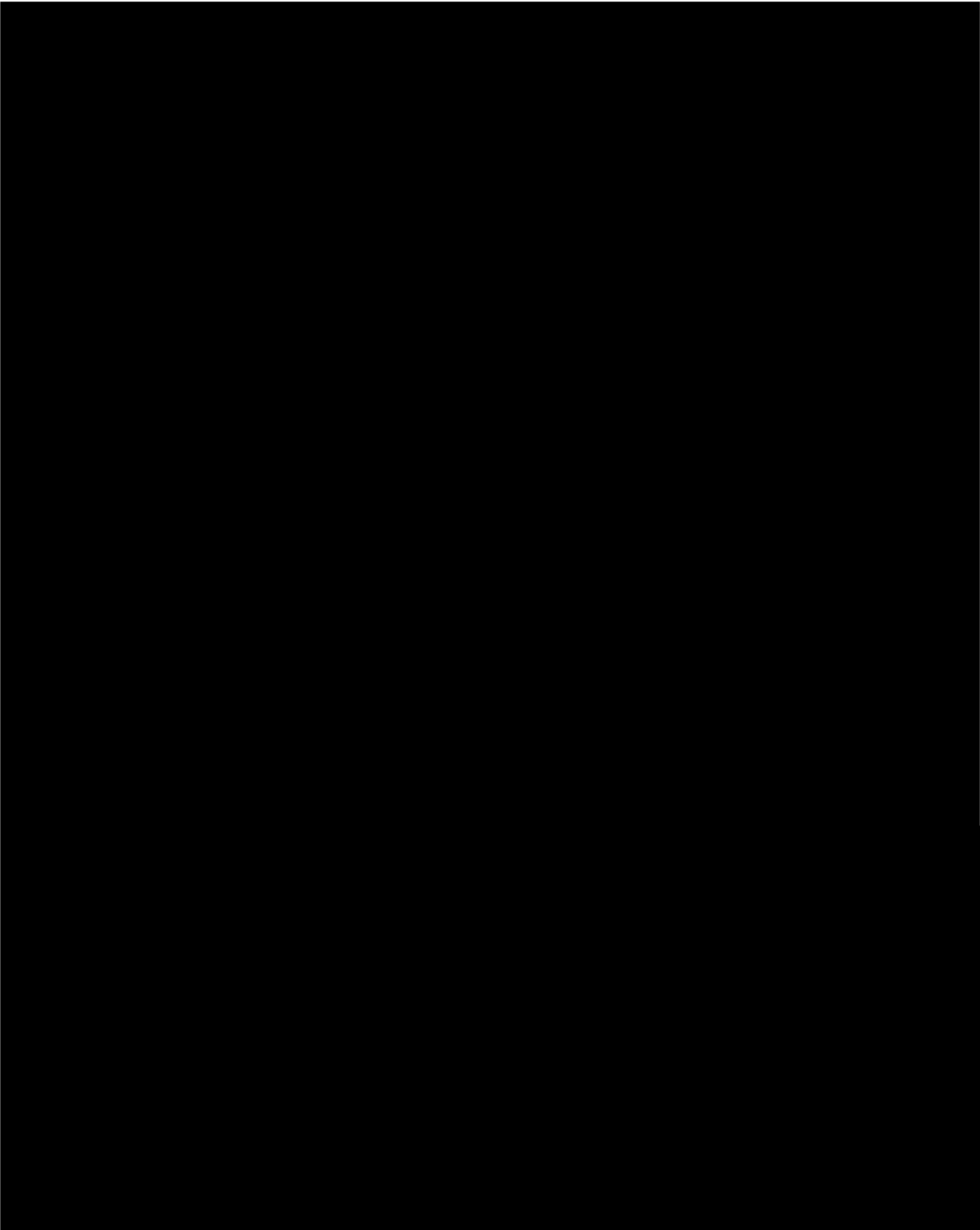
Additionally, based upon a press release on the US Treasury Department's website,⁴ EY identified a total of 29 parties, including Lebanese narcotics trafficker Ayman Joumaa as well as 9 individuals and 19 entities connected to his drug trafficking and money laundering organization. EY conducted a search for the 29 parties related to the Lebanese drug trafficking network, as identified on the DOJ's website, against (i) the list of account closures, HotScan alerts and correspondent inquiries from 2011 and 2012; (ii) a list of declined account openings from 2011 to 2014; (iii) the list of customer names in Flexcube; and (iv) the Bank's fraud register from 2011 to 2014. The review resulted in no matches.

- III. **NOF Statement: "As of 2008, a financial advisor for a major transnational organized crime figure who banked entirely at FBME in Cyprus maintained a relationship with the owners of FBME."**

A. Summary of Findings

Through discussions with the Bank, [REDACTED] an FBME customer, was identified as the potential party referenced in the NOF. During a routine audit in June 2014, the CBC found, through its independent research, an article referencing [REDACTED] potential extradition [REDACTED] his involvement in alleged fraud and falsifying documents. [REDACTED]

⁴ <http://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>



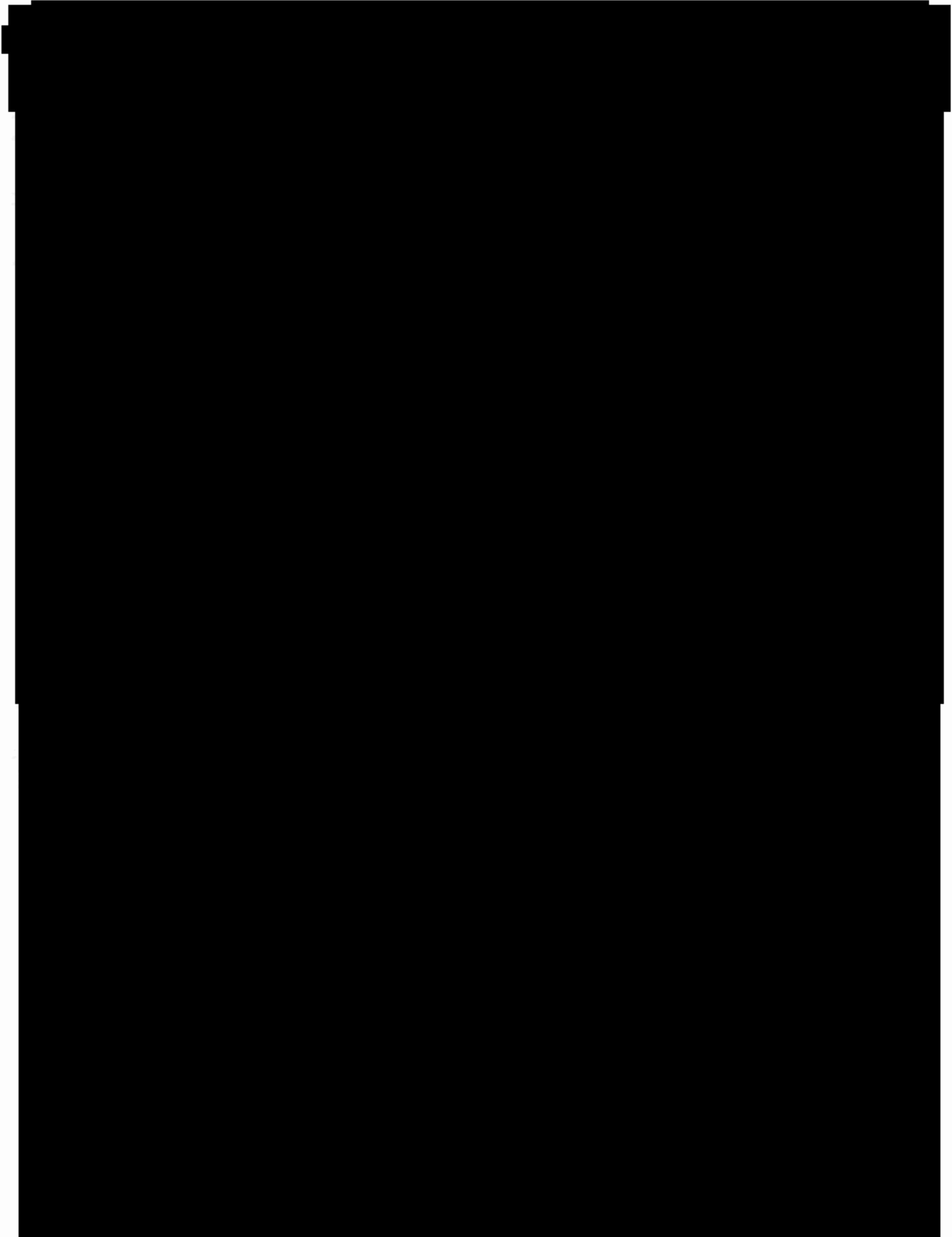
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- [REDACTED]
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[REDACTED]

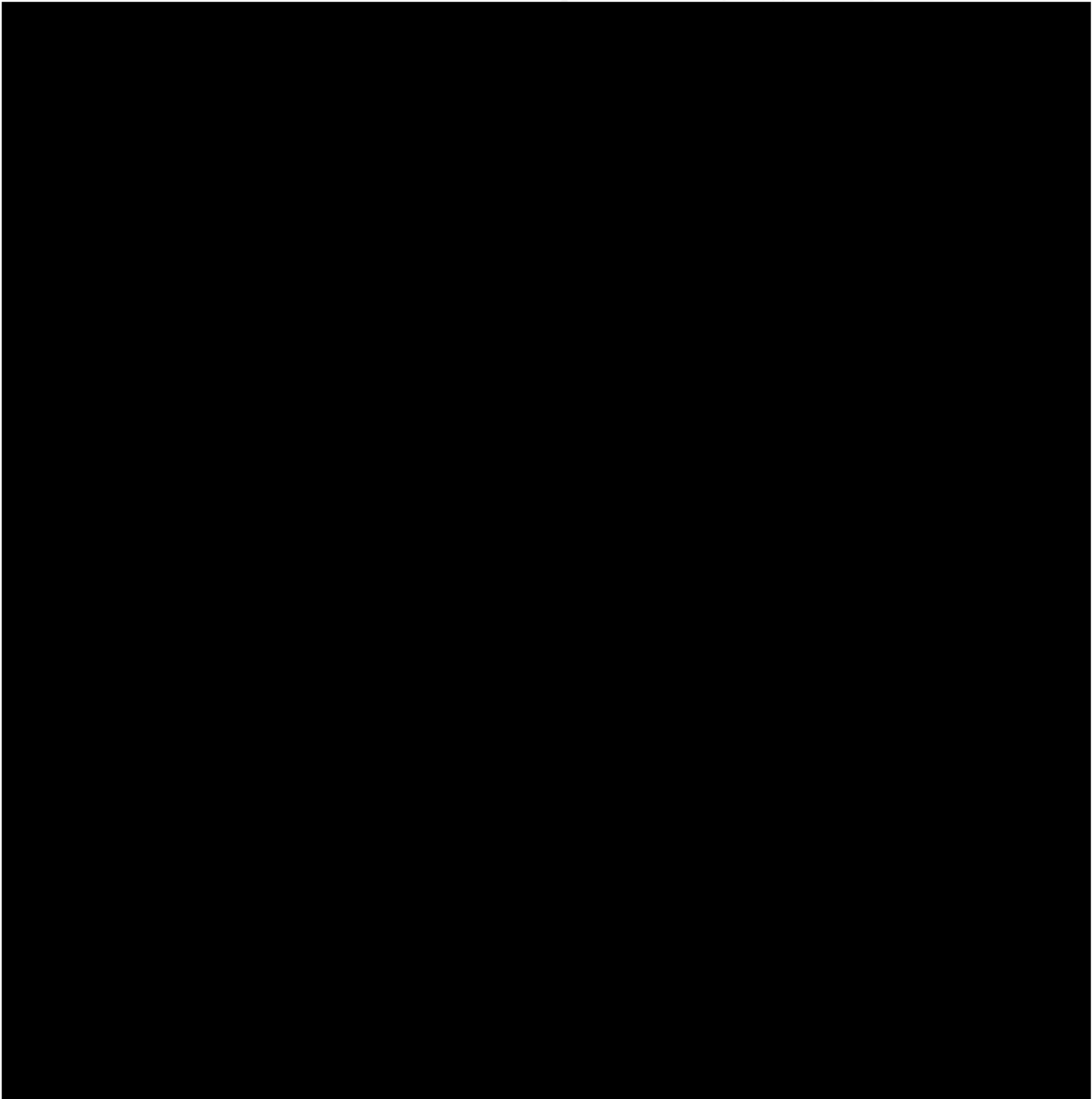
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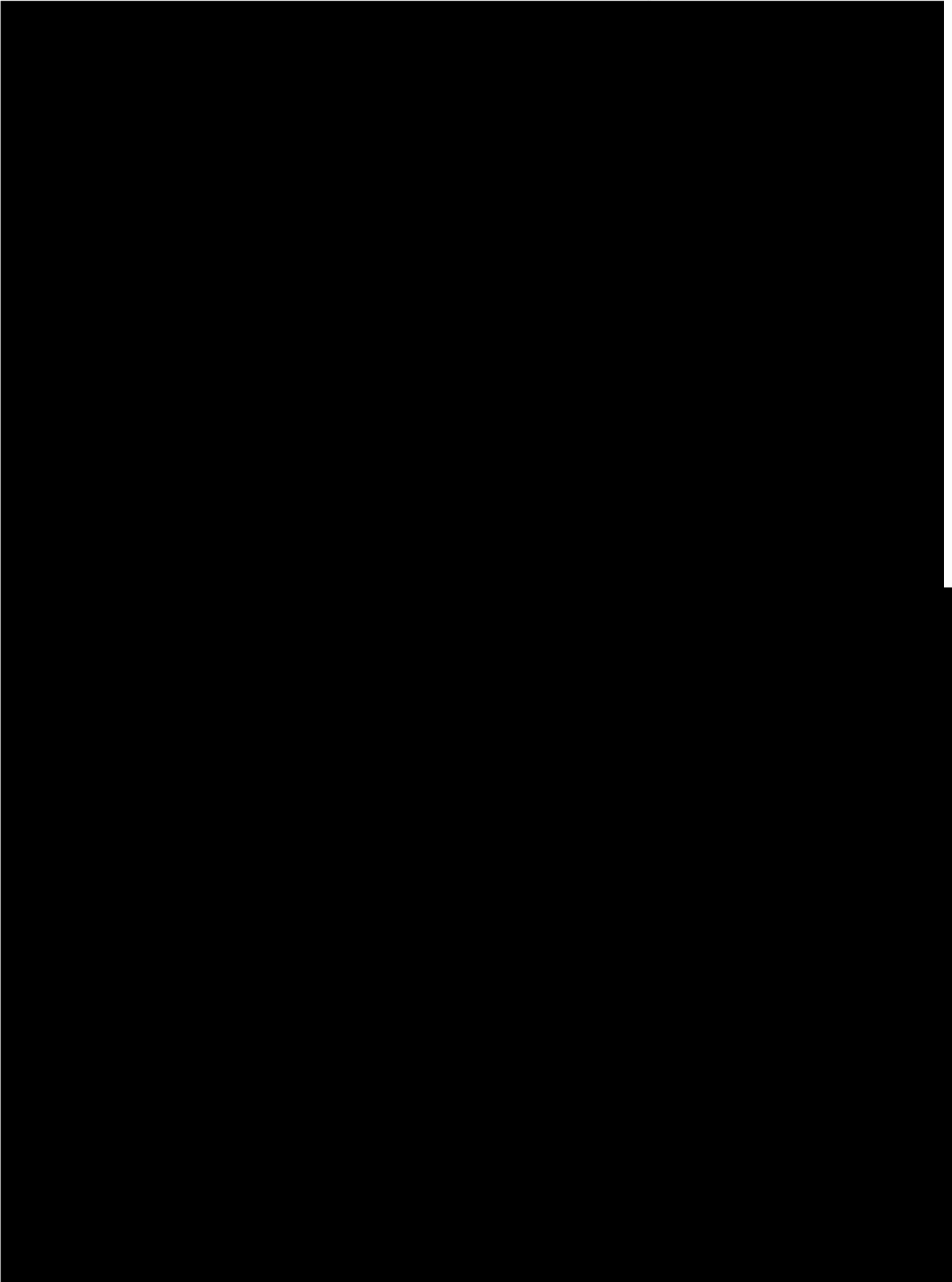






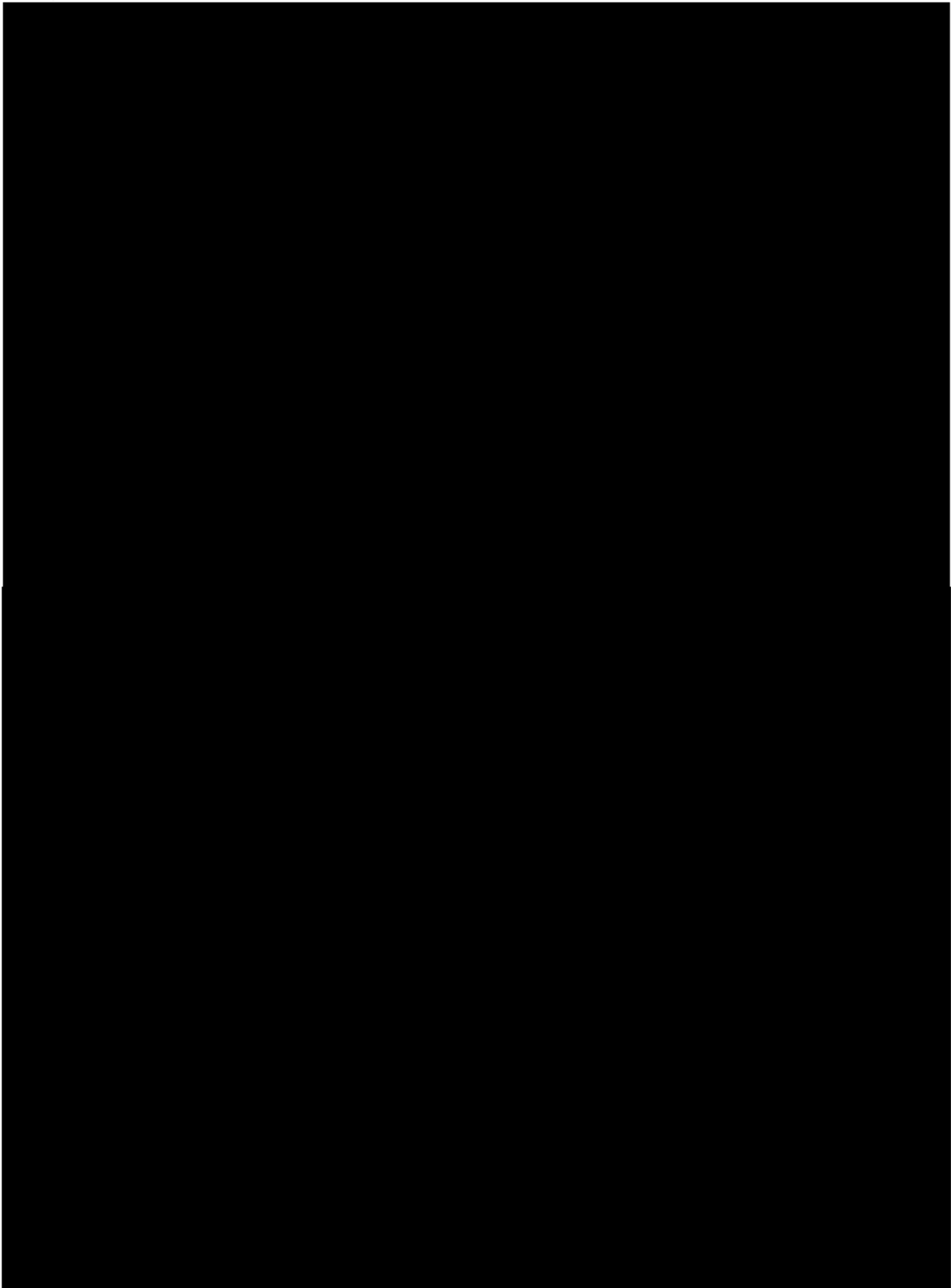
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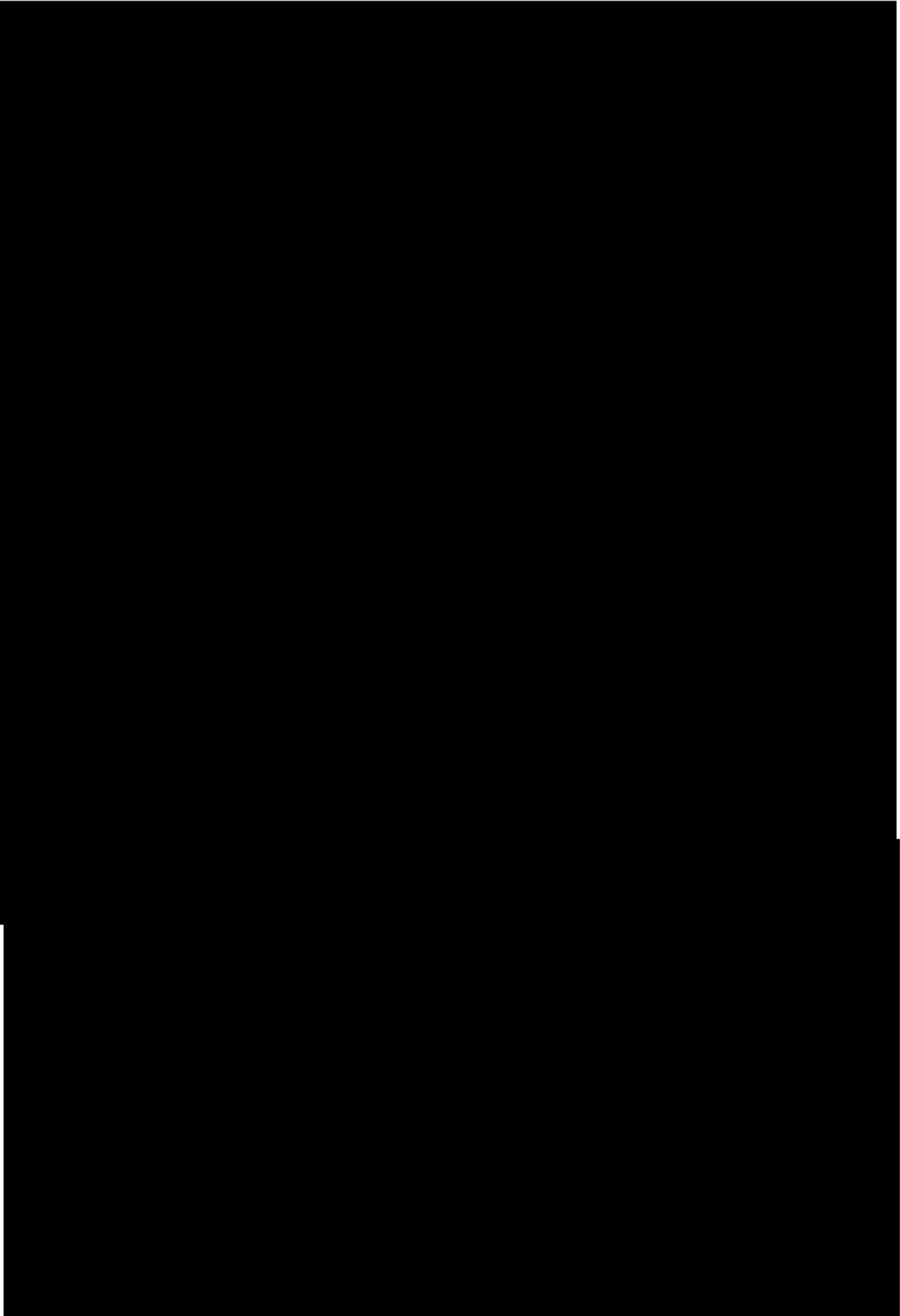




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on Endeavour and Mr. Moody on 11/06/2012 yielding no negative results.

VII. **NOF Statement:** "FBME facilitates U.S. sanctions evasion through its extensive customer base of shell companies. For example, at least one FBME customer is a front company for a U.S.-sanctioned Syrian entity, the Scientific Studies and Research Center ("SSRC"), which has been designated as a proliferator of weapons of mass destruction. The SSRC front company used its FBME account to process transactions through the U.S. financial system. This SSRC front company also shared a Tortola, British Virgin Islands ("BVI") address with at least 111 other shell companies, including at least one other additional FBME customer that is subject to international sanctions."

A. Summary of Findings

In August and September 2014, EY in coordination with FBME conducted a detailed review to attempt to identify the FBME customer alleged by FinCEN to be a front company for the SSRC. In particular, EY reviewed the procedures performed by FBME to screen the entire FBME customer list against sanctions lists including the SDN List. The screening of the FBME customer list yielded no matches. In addition, EY reviewed documentation related to a targeted list of 425 FBME customers using the methodologies described below. EY did not identify through these additional searches any link between an FBME customer and the SSRC.

- EY reviewed customer files and related transactions of 9 FBME customers with a BVI address. In particular, FBME informed EY that a Bank customer, Tredwell Marketing Ltd ("Tredwell"), was included on a list of 9 FBME customers provided by the Central Bank of Cyprus to FBME on 08/07/2014 in connection with the Central Bank's request to review those customers' files.⁷ FBME highlighted Tredwell in particular because the list of customers that the Central Bank provided to FBME included a handwritten comment next to Tredwell that read "SSRC?".⁸ FBME relayed this information to EY. EY reviewed the documentation for Tredwell as well as 6 other entities that transacted with Tredwell and shared the same BVI P.O. Box address (P.O. Box 3321, Drake Chambers, Road Town, Tortola, BVI) as Tredwell. Based upon a review in August and September 2014 of available documentation and transactions, EY did not identify a link between the SSRC and either Tredwell or the 6 FBME customers transacting with Tredwell, with the exception of FBME customer Balec Ventures Limited ("Balec"), which is owned by Issa Al-Zeydi and was identified only after certain additions were made to the SDN List by OFAC on 10/16/2014. (See section B.1 below for a description of this review.)
- EY conducted internet research on 406 FBME customers with the same BVI address as Tredwell. For purposes of this review, EY obtained from FBME a list of 3,457 customers who hold or held a BVI address on file. EY identified 406 FBME customers who maintain or maintained the same P.O. Box address in the BVI as Tredwell. EY performed open source web searches on each of the 406 customers to identify any known connection to the SSRC. Also included in EY's open source web search exercise were the aforementioned customers (8 parties not including Tredwell) on the list generated by the CBC. The open source web searches conducted on the 406 FBME customers with the BVI address and the 8 additional FBME customers yielded no link to SSRC or Syria per available information and resources. (See section B.2 below for a description of this review.)

⁷ The additional companies noted were Glascom International Ltd, Delfina International Ltd., Yellow Sunrise Trading, Velcrown Ltd, IK Petroleum, Primo Holding, Morland Group Ltd, and Eveta International. All but one of these accounts are closed.

⁸ An additional hand-written notation of "SSRC" was identified above a reference to "Syrian Lebanese Commercial Bank". According to the Bank, the account application for "Syrian Lebanese Commercial Bank" was declined in 1997. Based upon the information regarding the declination of the account opening, EY did not conduct a further review of "Syrian Lebanese Commercial Bank".

- EY reviewed customer files and related transactions of Petroleum Megatrade Ltd and Petroleum Mega Trade Ltd due to possible matches to a company named on the SDN List known as 'Megatrade'. OFAC added Megatrade to the SDN List on 07/09/2014 as a Syrian company that operates as a cover for the SSRC. EY observed that FBME received several inquiries in 2006 related to EUR denominated payments for Petroleum Megatrade Ltd, an FBME customer. The inquiries did not specifically mention sanctioned entities but inquired as to the commercial purpose of the transactions and information pertaining to the counterparty. As EY noted a partial match to the recently sanctioned entity was contained in the inquiry, EY reviewed the transactions and customer files of Petroleum Mega Trade Ltd and a company with a slight spelling variation, Petroleum Megatrade Ltd. The UBO of both companies, Fares Haddad, was born in Syria. The account opening application in the file listed a Russian address for Mr. Haddad. Petroleum Mega Trade Ltd is registered in the BVI and Petroleum Megatrade Ltd is registered in Virginia, USA. Based upon a review of available documentation and transactions provided by the Bank, neither company could be linked to the SSRC or the companies recently sanctioned by OFAC (i.e., Piruseti Enterprises Ltd and Frumineti Investments Ltd). (See section B.3 below for a description of this review.)

Based upon the reviews and searches conducted above with available information as well as the Bank's screening against World-Check listings, no link was found to the SSRC.

EY conducted a further review following additions to the SDN List implemented by OFAC on 10/16/2014. Two of the entities (neither are FBME customers) added to the SDN List on 10/16/2014 were Piruseti Enterprises Ltd ("Piruseti") and Frumineti Investments Ltd ("Frumineti"). Two individuals, Issa Al-Zeydi and Ioannis Ioannou were designated for acting for or on behalf of Piruseti and Frumineti.⁹ EY focused on these parties because the press release issued by OFAC at the time of designation indicated that Piruseti and Frumineti were known to have been illicit procurement agents of the Central Bank of Syria and the SSRC.

The additions to the SDN List were announced after the close of business hours in Cyprus on 10/16/2014, so FBME performed screening procedures on 10/17/2014 to identify if any of the newly sanctioned parties held accounts with the Bank. Issa Al-Zeydi was identified as the UBO of FBME customers Balec and Argus Construction Ltd ("Argus"). After Issa Al-Zeydi was identified as an FBME customer through the Bank's screening process, the Balec and Argus accounts were immediately frozen on 10/17/2014. The Bank provided to EY the transaction details for both companies to review for any potential impact regarding the NOF items. With the exception of the earlier review that EY performed on the Balec customer file as a result of transacting with Tredwell, the detailed review of Balec, Argus and related companies based on information that only became apparent after the October 2014 changes to the SDN List referenced above, included the following steps:

- Review of the transaction details related to Balec from account opening through when the account was frozen, as well as a review of the FBME customer file for Balec and FBME accounts that conducted transactions with Balec.
- Review of the transaction details related to Argus from account opening through when the account was frozen, as well as a review of the FBME customer file for Argus and FBME accounts that conducted transactions with Argus.
- Review of the 342 non-FBME counterparties who transacted with Balec or Argus, including screening these counterparties against the OFAC, EU, UN, HMT, Australian, Swiss, Canadian and Japanese sanctions lists on 11/04/2014. This screening did not result in any

⁹ <http://www.treasury.gov/press-center/press-releases/Pages/jl2666.aspx>.

- matches.
- Review of the procedures performed by FBME to screen the entire FBME customer list against the above-referenced restricted party lists. This screening did not result in any matches.

The results of this review conducted after the October 2014 changes to the SDN List are provided in Section C below. Based upon the reviews and searches conducted with available information as well as the Bank's screening against World-Check listings, EY did not identify any connection between FBME customers and the SSRC other than through Issa Al-Zeydi, who was just added to the SDN List on 10/16/2014.

B. Description of EY Review Process and Findings Prior to October 2014 Changes to SDN List

1. Review of Customer Files and Related Transactions of 9 FBME Customers with a BVI Address

a. Tredwell

The Bank identified Tredwell from a list of 9 FBME customers for which the CBC requested past files from FBME on 08/07/2014¹⁰. FBME noted that on the list received from the CBC, the comment "SSRC?" was written next to Tredwell.¹¹ EY reviewed the documentation for Tredwell, whose account at FBME is currently closed.

The file states that Tredwell is registered in the BVI and contains KYC documentation including copies of the former director's (Ruden Nadra) passport and World-Check search results. Ruden Nadra has a Russian passport with Syria noted as the country of birth and a residence address in Moscow, Russia. The file also contains information on the party who received a Share Transfer on 12/02/2013 of Tredwell and is also the UBO, Fadel Rubbuz. In addition, a letter of resignation from the former director Ruden Nadra was sent to FBME on 12/02/2013. EY observed that information obtained by the Bank during the on-boarding stage listed Mr. Nadra's residential address as Moscow and the Share Transfer documents and letter of resignation contain a residential address for Mr. Nadra in Damascus, Syria. The file for Tredwell otherwise contained no references to business transactions involving Syria and contained no information that resulted in matches to the SSRC or any entity subject to international sanctions, except for transactions between Tredwell and Balec.

The business profile on file for Tredwell identifies its purpose as trading equipment, home appliances, food, consumer goods, textiles, furniture, as well as marketing and promotion of these products. An additional business purpose is listed on the account application as investments in property estate. Invoices and contracts in the file appear to be consistent with the stated business purpose.

An account closure checklist dated 03/19/2014 states the reason for closure as 'transfer to other FBME account'. The account to which the funds were transferred was Armas Marketing Ltd. ("Armas") (see below for findings). Armas is an open account. The account closing process and transfer of funds occurred almost 5 months before FBME received an inquiry from the CBC regarding Tredwell on

¹⁰ The additional companies noted were Glascom International Ltd, Delfina International Ltd, Yellow Sunrise Trading, Velcrown Ltd, IK Petroleum, Primo Holding, Morland Group Ltd, and Eveta International. All but one of these accounts are closed.

¹¹ An additional hand-written notation of "SSRC" was identified above a reference to "Syrian Lebanese Commercial Bank". According to the Bank, the account application for "Syrian Lebanese Commercial Bank" was declined in 1997. Based upon the information regarding the declination of the account opening, EY did not conduct a further review of "Syrian Lebanese Commercial Bank".

08/07/2014.

b. FBME customers sharing the same BVI address as Tredwell

EY identified and reviewed the customer files of 6 parties transacting with Tredwell and sharing the same BVI address. As described below, with the exception of Balec which is owned by Issa Al-Zeydi, EY's review of these FBME customers did not identify any matches to an entity subject to international sanctions, a link to the SSRC or business transactions otherwise involving Syria (after August 2011).

Entity Name	Account Status	Closed/Frozen Date	Operation Location	Beneficial Owner	UBO Passport Country	UBO Country of Birth	UBO City of Residence
Maribo Group Ltd("Maribo")	Closed by FBME Compliance	04/10/2014	Russia	Ammar Jbeili/Dzhbeyli	Russia	Syria	Moscow, Russia
Balec Ventures Inc ("Balec")	Frozen by FBME Compliance	10/17/2014	Russia	Issa Al-Zeydi	Russia	Syria	Moscow, Russia
Paramia Limited ("Paramia")	Open	N/A	Russia	Anastas Asadov	Russia	Russia	Moscow, Russia
GloBalance Group ("GloBalance")	Closed by Customer	05/10/2011	Russia	Shapoval Sergey	Russia	Russia	Moscow, Russia
Sunhouse Consulting ("Sunhouse")	Open	N/A	Russia	Olga Kozan	Belarus	Belarus	Moscow, Russia
Osborn Holdings Inc ("Osborn")	Frozen by FBME Compliance	05/29/2014	Russia	Mikhail Nedogovorov	Russia	Russia	Penza Region, Russia

A description of information identified by EY in relation to each of these six accounts is set forth below.

- 1. Maribo:** The stated reason for closing the account was 'DB List Client' as this customer had a large number of inquiries from Deutsche Bank. An overview of the relevant bank SWIFT inquiries regarding Maribo and Syria are set forth below. These inquiries are unrelated to Issa Al-Zeydi and the SSRC.

 - An inquiry from JP Morgan Chase, N.A. ("JPMC") sent by Deutsche Bank was for a SWIFT payment of \$250,000 on 05/11/2012 between Maribo and Mallah Yammine Trading ("Mallah") and asks about any relation between Syria and Mallah. Following the inquiry, FBME's Customer Service Department contacted the UBO of Maribo, Ammar Jbeili, to obtain information on Mallah. Email correspondence in the file dated 05/18/2012 from Mr. Jbeili to FBME's Customer Service and Compliance Departments identifies the address and ownership of Mallah. FBME then responded to the SWIFT inquiry by noting as follows: (i) the corporate address of Mallah is Principal Propriety St, Building No. 2806 (Wakef Maronite), Muaalem Center, Office No., Kabelias, Almonzania, Lebanon; (ii) the beneficiary's bank should be contacted regarding company ownership; and (iii) the word Mallah has no specific meaning.
 - FBME received an additional message on 05/28/2012 advising that JPMC was still withholding funds to complete the attempted 05/11/2012 transaction due to a possible OFAC issue. FBME responded to the additional message on 05/29/2012 by stating that Mallah did not have any relation to Syria. This response also gave the names and nationalities of the shareholders (2 Lebanese and 1 Saudi Arabian).
 - Another inquiry from JPMC for a transaction occurring on 06/11/2012 for \$211,000 was similar to the previous inquiry asking for any relation between Syria and Mallah.

FBME's response to the JPMC inquiry stated that there was no Syrian interest in Mallah.

- Additional inquiries were received on 07/23/2012 for \$275,000 and 08/07/2012 for \$198,000 both of which asked about possible Syrian interests in or relations to Mallah. FBME responded to both of these inquiries by stating that the referenced entity did not have any interest in or relation to Syria. Invoices in the file indicate that Mallah is based in Lebanon. FBME requested confirmation of the address and ownership of Mallah from the UBO of Maribo to include in the response to the inquiry. The inquiry response also stated that Mallah had no specific meaning and no link to Syria.

Separate from its review of the bank inquiries described above, EY reviewed the following information and made the following observations in relation to Maribo:

- EY conducted a World-Check search and a check against the SDN List for Maribo with no matches.
- There is supporting documentation in the file that FBME responded to all received inquiries within a few days of receipt but there is no indication that FBME refreshed its due diligence checks/updates on Maribo or Mallah. However, the Bank noted that Mallah did not return a full or partial match to any entry on the SDN List. There was activity on the Maribo account through 04/02/2014 and Maribo continued to send outgoing payments to Mallah through 12/07/2012. During 2011 and 2012, a total of 8 payments were made to Mallah for \$1.7M.
- The customer file contained 2 contracts dated 08/10/2010 and 09/20/2010 between Maribo and a buyer, Husam Alden Farwati Bn Mohammad ("Husam") based in Aleppo, Syria. Invoices in the file dated 11/10/2010 and 11/20/2010 where Maribo is the seller and Husam is the buyer are for polyester textured yarn. This is consistent with the business purpose of 'textiles' stated on the profile. The dates of the contracts and invoices are prior to the August 2011 issuance of comprehensive Syrian sanctions.
- One of the aforementioned invoices to Husam dated 11/10/2010 for \$1.04M contains a hand written transaction number. Using this transaction number, EY compared the invoice to the transaction details spreadsheet maintained by the Bank and found an incoming transaction for \$999,950 five days after the invoice date. The order party on this transaction is Kamal Exchange Co LLC ("Kamal"), a financial intermediary, and the payment details include Husam's name. The address in the transaction details spreadsheet is not the Syrian address found on the invoice but instead a P.O. Box in Amman, Jordan. The transaction went through a correspondent bank in the U.S., DBTCA. EY then reviewed all incoming transactions from Kamal to Maribo and found a total of 4 additional transactions using the address in Jordan: 3 went through DBTCA and 1 went through a non-US correspondent bank. The payment details for the 4 additional transactions can be linked to counterparties found in the file, 2 of which have a Syrian address, 1 a Lebanese address and 1 lists Mr. Jbeili. All transactions reviewed by EY involving Kamal occurred in 2010, prior to the issuance of comprehensive U.S. economic sanctions against Syria.
- There are additional transactions totaling \$14.8M from Kamal between 05/10/2010 and 11/15/2010, prior to the issuance of comprehensive U.S. economic sanctions against Syria. EY did not note any transactions listing Syria in the address or related to Kamal after the issuance of comprehensive U.S. economic sanctions against Syria on 08/18/2011. Transaction details provided by FBME are contained in Appendix B.

- A response from FBME to a Commerz Bank inquiry stated that there is a relationship between the Ministry of Finance of Russia and Maribo. Maribo signed commission agreements with Russian companies to buy Syrian made consumer goods for the settlement of the debt of Syria to Russia. The outgoing total to the Ministry of Finance of Russia was \$33.6M and occurred between 02/02/2010 and 11/24/2010, prior to the issuance of comprehensive U.S. economic sanctions against Syria.
2. **Paramia:** There are several inquiries in the file pertaining to Antares Shipping and Forwarding Services LLC and one transaction for \$11,550 on 10/22/2010. The counterparty is similar in name to an entity on the SDN List (Antares Shipping Company). The address of the Antares Shipping Company on the SDN List is Noorderlaan 139, B-2030, Antwerp, Belgium. FBME responded to the inquiry with the address of the counterparty which was not the same address as the one related to the entry on the SDN List. A supporting document in the file relating to Antares Shipping and Forwarding Services LLC reflects a legal address in Wilmington, DE. The legal address was confirmed with the Director of Antares Shipping and Forwarding Services LLC, Martin Alberto Lucas. The transaction details for Antares Shipping and Forwarding Service LLC has a beneficiary country listed as Denmark but no other address information. Following FBME's response, the inquiring bank processed the transaction and subsequently closed the inquiry.
 3. **GloBalance Group:** The file contains supporting documents for transactions including invoices and contracts. There are no additional items to note in relation to the file of GloBalance.
 4. **Sunhouse:** The file contains supporting documents for transactions including invoices and contracts. There are no additional items to note in relation to the file of Sunhouse.
 5. **Osborn:** The file contains supporting documents for transactions including contracts and invoices. There also is a "frozen marker" placed on the file on 05/29/2014 for KYC non-compliance.
 6. **Balec:** See section C below for details related to EY's review of Balec.

c. Other FBME customers associated with Tredwell

EY identified and reviewed the customer files of 2 other parties associated with Tredwell, both of which have a large number of transactions with Tredwell. EY did not identify in its review of these files any connection between these entities and the SSRC, any references to business transactions involving Syria, or other entities subject to international sanctions except for Maritina's transactions with Balec.

1. **Armas:** EY reviewed the file for Armas, an FBME customer whose UBO (Ruden Nadra) is the same as the former director of Tredwell. EY ran a World-Check search on Mr. Nadra and no results were returned. Documentation in the file lists the current residence of Mr. Nadra as Moscow, Russia. The address of Armas is in the Seychelles and the company does not share a BVI address with Tredwell.
2. **Maritina:** Maritina is a Moscow based company that is registered in the BVI at a different address than Tredwell. The file contains KYC documentation including copies of the beneficial owner's (Elias Aboud) passport, and World-Check search results. KYC documentation in the file lists the residence of Mr. Aboud as Moscow, Russia. Mr. Aboud has a Russian passport with Syria stated as his country of birth.

The file contains supporting documents for contracts and invoices related to the transactions conducted between Maritina and its counterparties. Additionally, a Mantas alert was generated relating to a large transaction between Maritina and Tredwell. FBME had previously collected and retained the contract between Tredwell and Maritina supporting large transactions between the two parties. The business profile states that Maritina is involved in real estate, interior design, and apartment renovations and is consistent with the contracts and supporting documents in the file.

2. *Open source web searches were performed on 406 FBME customers with the same BVI address including the 8 FBME customers identified by the CBC during their June 2014 audit*

EY reviewed a list provided by FBME of 3,457 customers who hold or held a BVI address on file. EY identified 406 FBME customers who maintain or maintained the same P.O. Box address in the BVI as Tredwell. EY performed open source web searches on each of the 406 customers to identify any known connection to the SSRC. Also included in EY's open source web search exercise were the aforementioned customers (8 parties not including Tredwell) on the list generated by the CBC. EY did not identify through its open source web searches on the 406 FBME customers with the BVI address and the 8 additional FBME customers any connection between these entities and the SSRC or other entities subject to international sanctions or any references to business transactions involving Syria.

3. *Review of customer files and related transactions of 2 parties due to possible matches to a company named on the OFAC SDN List*

EY performed a review of 2 other FBME customers, Petroleum Megatrade Ltd and Petroleum Mega Trade Ltd, due to a partial name match with an entity on the SDN List referred to as Megatrade. Based upon a review of available documentation provided by the Bank, neither company could be linked with the SSRC or companies sanctioned by OFAC. In addition, EY did not identify during its review any references to business transactions related to Syria involving these entities.

Petroleum Megatrade Ltd: EY reviewed the inquiries received by FBME from Deutsche Bank - Greece in 2006 relating to transactions between Petroleum Megatrade Ltd and Albert Management Ltd (a non-FBME customer). The 8 transactions within the inquiries occurred between 12/20/2005 and 12/29/2005 and totaled EUR 5,892,167. In response to the inquiries, FBME provided Deutsche Bank - Greece with the registered and business addresses, business purpose and supporting contracts and invoices for the transactions. The contract between Petroleum Megatrade Ltd and the counterparty Albert Management Ltd was for EUR 70M and consistent with the business purpose of the transactions provided by FBME.

Petroleum Mega Trade Ltd: EY noted that Petroleum Mega Trade Ltd's account was opened in April 2006 and registered in the BVI with a business address listed as Moscow, Russia. The business profile contained within the customer file specifies the business activities as trading in metal sheets, building materials, electronics, plastic materials and other goods as well as investments in real estate. The account opening application in the file listed a Russian address for the UBO (Fares Haddad) and the file contained a Syrian passport for Mr. Haddad.

Outgoing, incoming, and internal wire transfers were reviewed for Petroleum Mega Trade Ltd. No outgoing payments to non-FBME customers were identified and two incoming wire transfers were identified for this FBME customer. One incoming wire credited Petroleum Mega Trade Ltd's Euro account for EUR 78,992 and one incoming wire credited the USD

account for \$390,673. Both wires were remitted to Petroleum Mega Trade Ltd on 06/15/2006 from non-FBME accounts titled to Petroleum Mega Trade Ltd.

Twelve transfers were identified for Petroleum Mega Trade Ltd to other FBME customers. No incoming Euro denominated transfers from FBME customers were identified, but six outgoing Euro denominated transfers totaled 78,970 to other FBME customers were identified. Five outgoing transfers to other FBME customers denominated in USD totaled \$390,622 were identified, as well as one incoming transfer from another FBME customer denominated in USD totaled \$100.

The incoming USD transfer occurred on 05/05/2006, and the outgoing transfers to other FBME customers occurred from 07/06/2006 to 04/18/2007.

Transfers were identified from Petroleum Mega Trade Ltd to Petroleum Megatrade Ltd. Two transfers were observed totaling EUR 42,485 and one transfer totaling USD 11,656. All three transfers credited FBME accounts titled to Petroleum Megatrade Ltd. These transfers occurred from 08/23/2006 to 04/18/2007.

The following FBME customers received transfers from Petroleum Mega Trade Ltd and had addresses in Tortola, BVI:

	Amount	Date
Simrik Oil Company Ltd	\$300,000	07/26/2006
Matrix Continental Ltd	\$56,966	08/18/2006
Kunal Trading Ltd	\$100,000	05/05/2006

All three FBME customers have addresses in the BVI. However, no customer's address exactly matched Petroleum Mega Trade Ltd's address on file: 90 Main Street PO Box 3099 Road Town Tortola, VG.

C. Description of EY Review Process and Findings After October 2014 Changes to SDN List

1. Review of customer files associated with transactions for Balec

The account for Balec was opened on 12/04/2006. The UBO of Balec is Issa Al-Zeydi. Balec's account was immediately frozen on 10/17/2014 after Issa Al-Zeydi was added to the SDN List.

Issa Al-Zeydi is the sole ultimate beneficiary on the account, holds a Russian passport, was born in Syria and maintains a Russian address. A review of the Balec file revealed identification documents for Issa Al-Zeydi in the form of a Russian passport. The passport indicated that Issa was a Russian citizen and was born in Syria. Issa Al-Zeydi also listed his personal residence address as Moscow, Russia.

A review of the transaction details related to Balec from account opening through when the account was frozen yielded the following:

- Balec conducted 2,037 USD transactions from 12/05/2006 to 07/18/2014 with 50 entities and individuals who are or were FBME customers totaling \$255,399,350.
- Balec conducted 1,711 USD transactions from 12/04/2006 to 7/17/2014 with 342 non-FBME counterparties totaling \$252,571,203.

Balec is registered at P.O. Box 3321, Drake Chambers, Road Town, Tortola, BVI and maintains an

operating location at Office 31, House 14, Gubkina Street, Moscow, Russia. The business operates in the dealings of securities and shares and has reflected an expected turnover on the account of approximately \$10,000,000 annually since account inception.

In addition to the business operations listed in the company's business profile, Balec is part of a number of contracts for the wholesale trade of goods including textiles, steel, construction equipment supplies and other goods. EY reviewed the customer file and it did not contain any contracts, transaction information, business relationships or invoices related to Syria (after August 2011) or with the SSRC or any party who was named in the October 2014 OFAC press release other than Issa Al-Zeydi.

The file contains numerous inquiries from correspondent or other transacting banks with multiple references to counterparties potentially subject to OFAC sanctions but unrelated to Issa Al-Zeydi or the SSRC. One inquiry from JPMC with respect to a SWIFT payment on 08/27/2008 between Balec and Cesar Group states that the name of the counterparty was similar to a name on the SDN List (Caesar's Park Hotel, which was designated under the SDNTK program). FBME responded to this inquiry with information regarding Cesar Group, including company purpose and location. Another inquiry referencing the same counterparty was received from the correspondent Deutsche Bank for a SWIFT payment on 10/07/2010. FBME responded to this inquiry with details on the beneficial owner. The transaction details list Lebanon as the address for Cesar Group. The file contains due diligence documentation including counterparty details, invoices and contracts from 2006 to 2014. EY could not find any correspondence with the client in the file regarding the possibility of a counterparty being subject to OFAC sanctions.

Also contained in the file was a Mantas alert and documents supporting the business purpose of, and transactions related to, Balec. A Mantas alert was generated on 02/05/2014 for high risk counterparty transactions and large reportable transactions. The Mantas report investigation states that the remitters involved in the transactions in question are known to FBME and the remitters had already been investigated by the FBME Compliance Department as the counterparties were declared by the customer on his business profile. The file also contains supporting documentation from the client as requested by the Bank.

EY also noted from the file that the source of incoming funds on the account opening application lists several entities including Maritina, a company that transacts frequently with Tredwell (see above).

2. Review of customer files associated with transactions for Argus

The account for Argus was opened on 04/18/2012. Argus is a subsidiary of Balec and its UBO is Issa Al-Zeydi. Argus' account was immediately frozen on 10/17/2014 after Issa Al-Zeydi was added to the SDN List. A review of the transaction details related to Argus from account opening through when the account was frozen yielded the following:

- Argus conducted twelve EUR transactions to either Balec or one other FBME customer, Taurus Equipment Limited ("Taurus") from 03/11/2013 to 05/05/2014. Eleven of the twelve transactions were between Balec and Argus.
- Argus conducted a total of eleven USD and EUR transactions to accounts which it holds with other banking institutions from 11/27/2012 to 11/22/2013.¹²

Argus has a registered address at P.O. Box 556, Main Street, Charlestown, Nevis, St. Kitts and Nevis, and maintains an operating location at Office 1, Floor 5, 1 Sharikopodshipnikovskaya Str, Moscow,

¹² Argus also holds accounts at GAZPROMBANK and UNIVERSAL CREDIT OPEN JOINT STOCK COMMERCIAL BANK.

Russia (having previously operated out of 14-6 Gubkina Street, Moscow, Russia).

The business operates in the buying and selling of construction materials and equipment and noted expected turnover in 2014 to be approximately \$1,500,000. EY reviewed the customer file and it did not contain any contracts, transaction information, business relationships or invoices related to Syria (after August 2011) or with the SSRC or any party who was named in the October 2014 OFAC press release other than Issa Al-Zeydi.

3. Review of account files for customers who transacted with Balec or Argus

EY reviewed the account files for the fifty FBME customers who transacted with either Balec or Argus in order to identify any matches to the customer associated with NOF items. These fifty customer files were reviewed and EY did not identify any active FBME accounts reflecting signatories or beneficial owners maintaining current Syrian addresses on file with the Bank. In addition, no active accounts reflected current Syrian operating addresses on file with the Bank. No file contained any contracts, transaction information, business relationships or invoices related to Syria (after August 2011) or with the SSRC or any party who was named in the October 2014 OFAC press release other than Issa Al-Zeydi. The following trends for these customers are noted below:

a. Common Operating Address

The physical operating addresses associated with the fifty FBME customers were reviewed to identify any potential links to the SSRC or other sanctioned entities per the NOF items. Balec lists its physical business address as 14 Gubkina St., Moscow, Russia, 117312. Sixteen of the fifty FBME customers also list the same street address in Moscow, Russia as their physical business address. No link to the SSRC or activity subject to international sanctions was identified outside the link to Issa Al-Zeydi via the 14 Gubkina St., Moscow, Russia address.

b. Common Account Referrals

Argus was referred to the Bank by Balec as it was a subsidiary of Balec per account documentation. Balec was referred to the Bank by VICO Ltd, a company whose signatories were listed as Imad Khuri and Mudalal Khuri. Of the fifty FBME customer accounts reviewed, twenty-two FBME customers were also referred to the Bank by VICO Ltd and/or vouched for by Imad or Mudalal Khuri. In addition, fourteen of the fifty FBME customer accounts reviewed reflect that an individual with a surname of Khuri, Khoury or Khouri was the beneficial owner or signatory on the account. VICO Ltd had a registered address in Homs, Syria and maintained FBME's address (90 Archbishop Makarios III AVE, P.O. Box 25566, 1391 Nicosia, Cyprus) as its correspondence address, but did not transact with any external party from 11/02/2009 to 01/17/2014 (date of account closure). The only account activity for VICO Ltd during this timeframe was fees and payments against FBME issued credit cards. No link to the SSRC or activity subject to international sanctions was identified outside the company's link to Issa Al-Zeydi.

c. Transactions between Balec and Hesco Engineering and Construction Co.

EY observed USD transactions from May 2013 through August 2013 between Balec and Hesco Engineering and Construction Co ("Hesco"). While Hesco is an FBME customer, EY's review did not identify any connection between Hesco and Issa Al-Zeydi (outside of the Balec relationship), the SSRC or any other entity subject to international sanctions.

The account file for Hesco reflected Building No. 2, Jijara Street, Damascus Syria as its business address and was updated to Office 185, 1 Kaluzhskaya Square Moscow, Russia. Hesco is registered in London, UK according to the customer file, FBME's internal systems and the Companies House Direct

listing for Hesco. A letter from Hesco to FBME dated 03/06/2013 stated that its office in Syria was closed in 2011 and the company now operates out of Moscow, Russia. This letter was signed by one of the two beneficial owners of Hesco, Youssef Arbach, a national of Russia who resides in Russia. The other beneficial owner of Hesco is Georges Hesswani who (based on the Companies House Direct listing for Hesco) is a national of Russia with a Russian passport who, at the time of his appointment, maintained a residence in Syria. An updated document provided to the Bank on 03/06/2013 reflects that Mr. Hesswani now resides in Russia.

The company website for Hesco identifies that the company conducts business activities in Syria, as well as other countries including Russia.¹³ The company's business profile in January 2014 reflects expected transactions with several of the same entities as the version from February 2009. Several of the contracts and transactions on file reflect business agreements with Russian entities from 2008 through 2014 and are notated in Russian. An annual return from an entity identified as 'Companies House' notes an electronic filing on 09/19/2011 and the service address for Hesco as Syrian.

d. Additional Observations

EY performed open source web searches on a population of 196 of the 342 non-FBME counterparties who transacted with Balec or Argus in order to identify potential connections with NOF items. The population of 196 individuals and entities consisted of counterparties who transacted with Balec or Argus in USD totaling \$100,000 or more since the accounts were opened on 12/04/2006. The remaining counterparties transacted in minimal amounts and had no more than 12 transactions over the same timeframe. As described below, the searches conducted on the 196 counterparties yielded negative news results for two entities, but did not yield a known connection to Syria, the SSRC or other entities subject to international sanctions:

- **Quartell Trading Ltd ("Quartell")**

Quartell, a company registered in the BVI, and Nomirex, a company registered in the UK, were involved as intermediary offshore companies for the movement of funds as a result of a 5.4 billion ruble (USD 230 million) Russian tax fraud. A false tax refund was filed on behalf of Hermitage Capital Management on 12/24/2007, and the refund was granted on the same day to individuals identifying themselves as officers of Hermitage Capital Management. The funds from this false return were then transferred to various offshore entities including Quartell and Nomirex.¹⁴

From a review of open source media, it appears the funds received by Quartell were transferred to Baikonur Worldwide Ltd, which in turn transferred the funds to a Cyprus company, Arivust Holdings Ltd. A review of FBME's internal systems did not indicate that Arivust Holdings Ltd or Quartell were customers of the Bank.

- **Nomirex Trading Limited ("Nomirex")**

Nomirex was incorporated by Meridian Companies House Ltd, whose director is Erez Mahara. According to public media, from 2007 to 2009, Nomirex filed annual reports with UK regulatory authorities indicating that it had a balance of zero. The director of Nomirex

¹³ Website for Hesco Engineering & Construction Co: <http://www.hescoco.com/>.

¹⁴ Media sources which identified these counterparties are as follows:

Nomirex: <http://online.barrons.com/articles/SB50001424052970204569604576259313266852054>

Quartell: <http://www.stuff.co.nz/business/8029015/Fears-shell-company-supergrass>

Tax Fraud: <http://www.forbes.com/sites/kellyphillips/2013/07/17/dead-men-tell-no-tales-deceased-russian-lawyer-found-guilty-of-tax-evasion/>

US Reaction to Fraud: <http://www.forbes.com/sites/kenrapoza/2013/02/11/billion-dollar-hedge-fund-mgr-goes-after-putin-and-russia-this-time-in-europe/>

has been identified as Cypriot Lana Zamba. Neither Nomirex, Erez Mahara nor Lana Zamba were identified as customers of FBME.

Quartell was the remitter associated with four USD transactions to Balec totaling \$2,032,160 from 01/25/2008 to 02/13/2008. Nomirex remitted one USD transaction to Balec totaling \$234,448 USD on 12/24/2007. The negative news identified for the counterparties transacting with Balec was only available as early as 2011 and would not have been available for FBME to document at the time the transaction activity with Balec occurred.

A review of the search results for the 196 counterparties did not yield a link to the SSRC, Syrian transactions (after August 2011), any entity or individual associated with the October 2014 OFAC press release or other activity subject to international sanctions.

VIII. NOF Statement: "In October 2011, the Department of Justice ("DOJ") filed civil forfeiture complaints against approximately \$70.8 million in real and personal property alleged to be the proceeds of foreign corruption offenses perpetrated by the President of Equatorial Guinea, Teodoro Obiang's son and his associates and laundered through the United States. Subsequently, between December 2011 and July 2012, the Treasury of Equatorial Guinea wired over \$47 million to several Cypriot banks and entities in a pattern of transactions that was identified as being consistent with the allegations in the DOJ complaint. This included \$7.2 million wired to a British shell company using an FBME account."

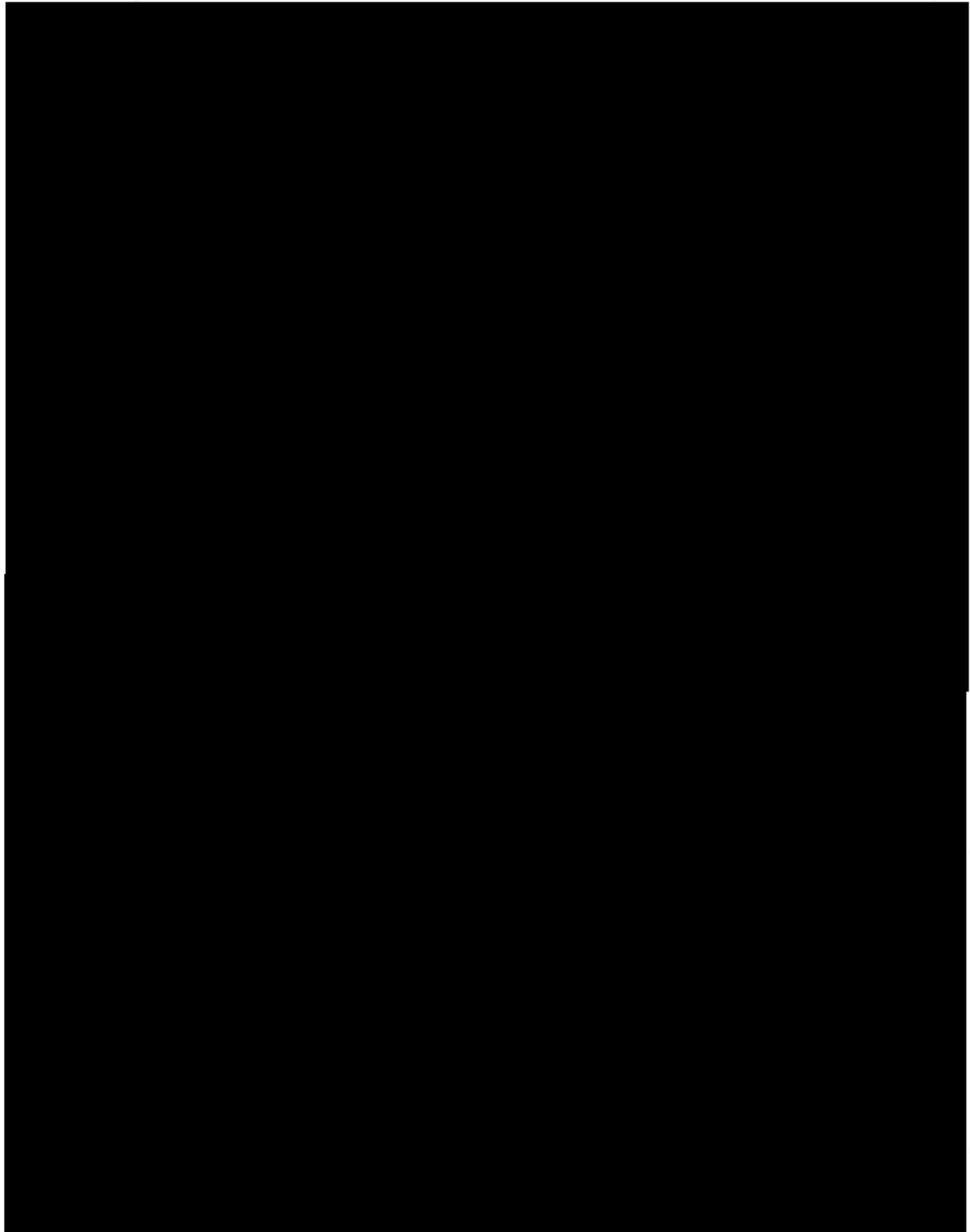
A. Summary of Findings

EY reviewed documentation related to Berkeley Trade LLP ("Berkeley"), the FBME customer identified as the recipient of a payment of \$7,258,385 from Tresor Public, the public treasury department in Equatorial Guinea, on 02/12/2012 for the purpose of building the Malabo Highway to the airport in Equatorial Guinea. Through review of the customer file, EY noted that FBME had collected and retained due diligence documentation relating to a construction contract between the government of Equatorial Guinea and Berkeley. FBME also collected KYC documentation at the time of account opening for Jimmy Ricci. The documentation shows that Mr. Ricci owns an Equatorial Guinea-based construction company and is the UBO of Berkeley. Supporting documents also include a project materials breakdown, business plans, newspaper articles relating to Mr. Ricci and the construction project, and pictures of the construction site. Based upon a review of available documentation, no link could be found between the funds transferred to Berkeley from Tresor Public and proceeds of foreign corruption offenses perpetrated by the President of Equatorial Guinea, Teodoro Obiang's son and his associates.

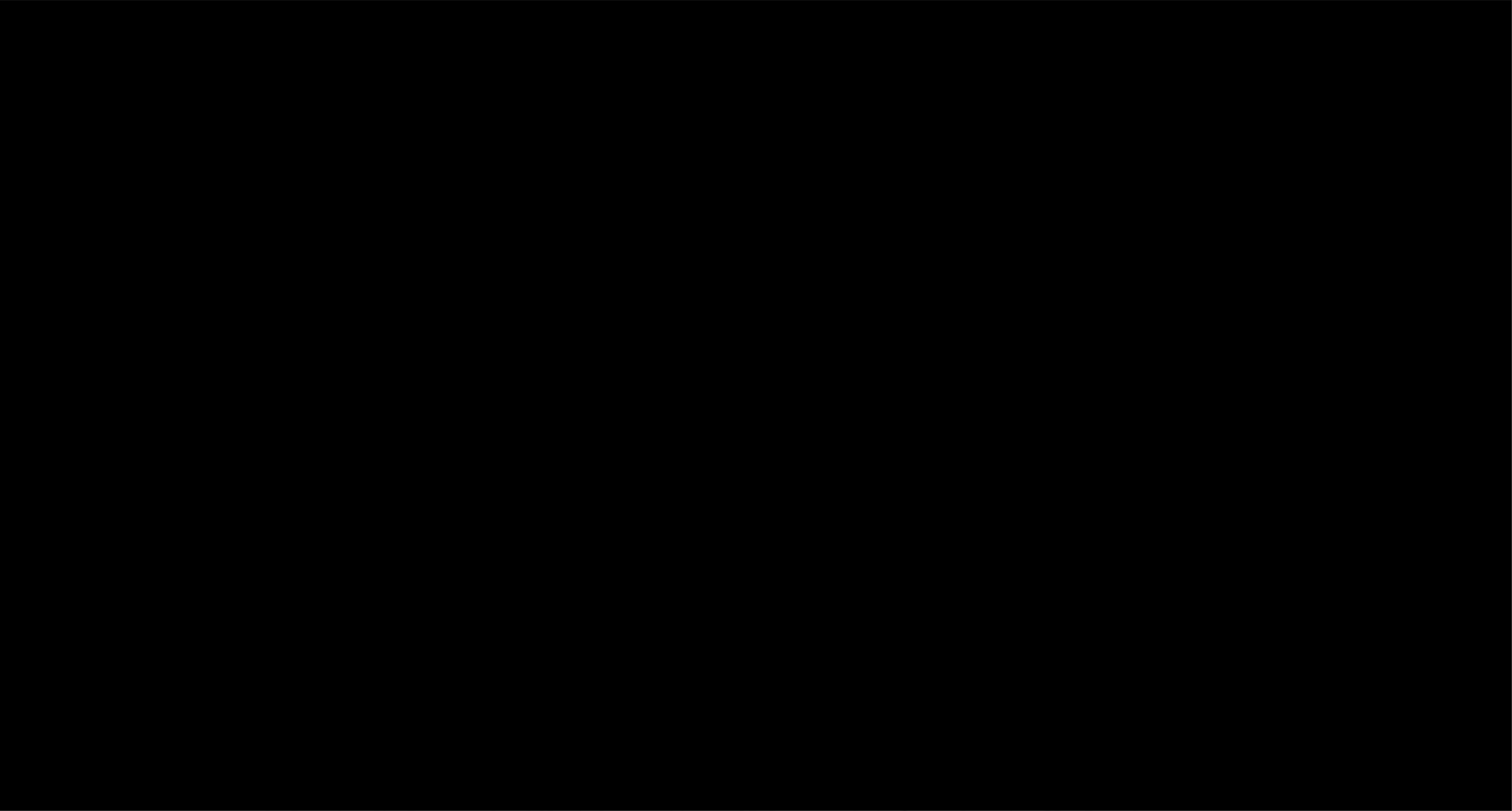
B. Description of EY Review Process and Findings

EY reviewed the civil forfeiture complaints referenced in this NOF statement. EY also reviewed the customer file and transactions related to Berkeley. Additionally, EY reviewed documentation and transactions of additional companies related to Berkeley, including AB Systems and SFX International, as Mr. Ricci is the UBO of each of these entities. Based upon a review of available documentation, no link could be found between the funds transferred to Berkeley from Tresor Public and proceeds of foreign corruption offenses perpetrated by the President of Equatorial Guinea, Teodoro Obiang's son and his associates.

EY's review of the business profiles and KYC documentation related to Berkeley, AB Systems and SFX International is described below.



¹⁵ In cases where FBME determines that a customer is high-risk, the Compliance Department places a monitoring marker on the account within the core banking system, Flexcube. Once the monitoring marker is placed on an account, all transactions associated with that account require review by FBME's Compliance Department prior to processing.



IX. NOF Statement: "In just the year from April 2013 through April 2014, FBME conducted at least \$387 million in wire transfers through the U.S. financial system that exhibited indicators of high-risk money laundering typologies, including widespread shell company activity, short-term "surge" wire activity, structuring, and high-risk business customers."

A. Summary of Findings

In order to address FinCEN's NOF statements, EY reviewed the Bank's wire transfer detail from 04/01/2013 through 04/30/2014 for all active accounts, dormant accounts and closed accounts and divided the findings by four indicator types: structuring, surge activity, high-risk business customers and shell companies. As noted in the Bank's response to EY's "Assessment of FBME Bank Ltd's Anti-Money Laundering (AML)/Sanctions Compliance Program" dated 09/22/2014, the Bank is taking a number of steps to enhance its compliance program. For example, the Bank has advised that it is currently working with Oracle to upgrade the current version of Mantas and to implement two new scenarios combating structuring and reporting requirements evasion, and the anticipated go live date is the end of March 2015.

- **Structuring:** EY's analysis of the transactions identified 40 FBME customers exhibiting potential structuring behavior. According to FBME, the Bank historically has not monitored for structuring, as FBME does not transact in physical currencies in Cyprus and neither U.S. nor Cypriot regulatory requirements expressly cover wire transfers for structuring behavior. EY understands that FBME is enhancing its AML compliance program to add a structuring scenario for wire transfers.

EY conducted a review of transactions associated with the 40 parties and observed that Mantas and or HotScan alerts had been generated for 13 of the parties, although these alerts were not in response to the specific transactions included in EY's review. Further details of the structuring analysis are included in Appendix D.

- **Surge activity:** EY identified 15 parties associated with potential surge activity. Of these 15 parties, EY found that 12 parties had previously generated Mantas or HotScan alerts on transaction activity that were part of the alerts identified by EY. Further details of the surge activity analysis are included in Appendix D. FBME has established criteria for

addressing activity related to surge activity and captured 80% of the parties related to EY sampled transactions in their standard Mantas/HotScan processes.

- **High-risk and shell company indicators:** According to FBME, the Bank addresses the risk and activity associated with its customer base through conducting initial due diligence at account opening and ongoing due diligence for all FBME customers. FBME customers are also designated as high or normal risk. High risk customers are subject to enhanced compliance screening/monitoring. Customers can be designated as high risk if they operate out of a high risk jurisdiction among other factors. EY's assessment of the process in which FBME conducts due diligence for customers is provided in the "Customer Identification and Due Diligence" section of EY's "Assessment of FBME Bank Ltd's Anti-Money Laundering (AML)/Sanctions Compliance Program" dated 09/22/2014.

B. Description of EY Review Process and Findings

1. Structuring Scenario

The Bank's monitoring software does not currently contain a structuring scenario but EY understands that FBME is enhancing its AML compliance program to include such a scenario for wire transfers. For purposes of this review, EY established the range of \$7,000 to \$10,000 to be the structuring typology thresholds. Two or more transactions within this value range for the same party, within a time frame of two weeks or less could pose higher risks to institutions as the parties may be attempting to conduct transactions in a way that avoids a perceived threshold on wire transactions (i.e., cash transactions in the United States over \$10,000 reportable in a Currency Transaction Report).

EY obtained from the Bank a listing of all USD denominated transactions between \$7,000 and \$10,000. To identify higher risk structuring transaction patterns, all incoming and outgoing instances where a customer transacted in 3 or more round USD transactions (i.e., 8,000; 9,000, etc.) were sampled in addition to all customers who were involved in 40 or more \$7,000 to \$10,000 transactions during the period of review. These criteria cover approximately 25% of FBME's population of \$7,000 to \$10,000 transactions and identify the higher risk transactions associated to 92 customers of FBME.

EY conducted a manual review of the transactions associated to the 92 parties identified under the structuring scenario. According to FBME, the Bank does not transact in physical currencies in Cyprus and no regulatory requirement in the country exists to monitor wire transmittals for patterns of structuring behavior. Nevertheless, monitoring for patterns of activity that reflect structuring type behavior is in line with US regulatory expectations and US industry practices. As a result, FBME may continue to find itself in a position where exposure to such activity through US correspondent banking activity may result in future inquiries or missed monitoring of irregular transaction activity through structuring type behavior. Each customer transaction was reviewed during the time period noted above to identify if:

- The same counterparties are involved in the transactions;
- The time period between round dollar transactions was two weeks or less; and
- There was limited documentation in the payment details to support various transactions (i.e., references to invoices, agreements).

Of the 92 parties, 40 were subjected to additional review due to meeting these criteria. Certain trends and additional information identified during this review are provided below:

- Of the 40 parties, 13 had transactions that were previously identified in HotScan alerts and 4 were previously identified under Mantas alerts (see Appendix D). These Mantas and HotScan alerts did not result in the submission of any STRs with MOKAS in 2013 or 2014

and all of the Mantas and HotScan alerts were closed clear. Although the alerts were closed clear, none of the alerts in Mantas or HotScan were generated based on the transactions included in this review. Through discussions with FBME, the Bank represented that their accounts are mostly corporate in nature, and many of their corporate clients deal in larger transactions in addition to the transactions noted in this structuring scenario review. The Bank added that these accounts are large in nature; smaller transactions are uncommon and structuring scenarios have not been implemented to test for these types of transactions. The Bank indicated that there is no threshold for reporting wire transactions in Cyprus, but there are capital controls for transferring funds out of Cyprus.

- An assessment of capital controls assessed through *"The Enforcement of Restrictive Measures on Transactions in case of Emergency Law of 2013"* indicated that during the period of review starting in April 2013, payments to other credit institutions for transactions that fall within the normal business activity of up to EUR 25,000 per day are not subject to any restrictive measures. The threshold for transactions that fell within the normal business activity throughout the period of review increased from EUR 25,000 ending with EUR 1,000,000 as the minimum threshold for reporting in April 2014. FBME provided detailed information regarding a sub-sample of two customers noting that no approval would have been needed for the outgoing payments involving those customers for transactions that met the criteria for review. Given the criteria noted above to assess structuring against perceived U.S. thresholds for wire transactions under \$10,000, it does not appear that Cyprus capital controls during this period affected the parties and transactions associated with this portion of the transaction review.
- Of the 40 parties, 6 were classified by FBME as high risk clients. All 6 maintain active accounts with FBME and two of the parties had transaction details referencing payments for contracts or loan agreements. Three of the customers were part of previous HotScan alerts and two of the customers were part of previous Mantas alerts, but none of these alerts related to the transactions associated with this portion of the transaction review.
- To gain a better understanding of the transactions for risk of structuring behavior, EY provided FBME with the transactions and parties associated with 5 of the 40 customers noted under the criteria listed above. FBME was able to provide detailed information for 4 of the 5 parties and their associated transactions noting that:
 - Non-internal transactions were supported by invoices and explanations from the customer that the round amounts were due to down payment 'prepayments' of the total amount as per the contract.
 - Round dollar amounts were mixed in with contextual transactions that were non-round and over \$10,000 and the business profile was consistent with the explanation in the wire details.
 - One customer noted for round dollar amount transactions that they were charges of \$1,000 per day for consultancy services, which explained the round amounts invoiced monthly.
 - A beneficial owner of a customer performed two payments on the same day: one for covering living and working expenses in South Africa and a second payment for family and personal expenses (private expenses in the UK) and savings.
- For one party, BATSI AND SON LIMITED, no information could be found to explain the two \$8,000 transactions received from the same party within a week of each other.

2. Surge Activity Scenario

FBME provided EY with an understanding of how the current rapid movement of funds scenario is run within their automated monitoring system to identify alerts for transaction activity. For new clients (less than a year old), the Bank implements a minimum threshold of \$50,000 for an alert to be triggered. The threshold for established customers is \$250,000. In addition, any transaction activity that would result in an amount that is 50% or greater of the balance of the account or the net worth identified for the customer would also trigger an alert under this scenario. EY utilized this information and identified all round dollar transactions for \$100,000 or greater to assess the riskiest transactions in the overall transaction population for the period of review. Most of the clients identified are established, but setting the threshold at \$100,000 helps identify those transactions that may make up 50% or more of net worth for the Bank's smaller clients and individual base. This threshold was applied to the US correspondent, Deutsche Bank - New York as this US correspondent bank processed the most USD transactions during the period of review.

As explained above, all round USD transactions for \$100,000 or more involving Deutsche Bank - New York make up the population of transactions identified for potential short-term surge activity involving a US financial institution. An initial sample was conducted to identify customers who were involved in 10 or more transactions during the period of review as the number of transactions could represent spikes from expected activity. These criteria cover approximately 41% of the population and identify the higher risk transactions for 59 customers of FBME. A review of the 59 parties resulted in a consolidated number of 51 due to duplicates caused by spelling variations or parties who were part of both incoming and outgoing transactions that met the criteria listed above.

A manual review of the transactions associated with the surge activity typology was used to identify instances where funds may have rapidly moved through an account in a manner that is not consistent with previous activity and/or the customer's business profile. All of the transactions falling within the review period for each of the 51 customers were reviewed to identify if:

- The transactions occurred over a short period of time (i.e. two weeks or less);
- There were any repeating parties receiving or sending the funds moving through the account;
- There were instances where outgoing and incoming transactions were identified for the same customer; and
- There was limited documentation in the payment details to support various transactions (i.e., references to invoices, agreements, etc.).

Fifteen parties were identified as meeting these four criteria and having minimal information on file to support the relevant transactions. The following trends and additional analysis were observed by EY:

- Of the 15 FBME customers who met the criteria above, 12 were associated with transactions that were previously identified in HotScan alerts and 6 were previously identified under Mantas alerts which makes up 80% and 40% of the sample respectively (see Appendix D). These Mantas and HotScan alerts did not result in the submission of any reports to MOKAS in 2013 and 2014 and were closed clear.
- Of the 51 customers, 20 held closed and dormant accounts and 14 of these were flagged by FBME Compliance in Flexcube. These markers indicated that the accounts were subject to monitoring, restrictions by the correspondent bank or needed file updates, or that

closure was requested by the FBME Compliance Department. Out of the 14 accounts marked, one customer did not alert in either Mantas or HotScan.

- Of the 51 FBME customers identified in the sample, 9 were classified by FBME as high risk customers (approximately 18% of the group). All 9 high risk customers had transactions that alerted previously in either HotScan or Mantas and all alerts were closed. Five of the customer accounts remain active while 4 are dormant. The 4 dormant accounts have been noted by the FBME Compliance Department for monitoring or have been designated as a party restricted by a correspondent.

3. Shell Company Activity

FBME conducts initial due diligence at account opening and ongoing due diligence for all FBME customers. This process includes identifying the source of wealth, obtaining a business plan, conducting World-Check searches on relevant parties, screening relevant parties against sanctions lists, identifying the UBO of corporate customers, and conducting internet searches of relevant parties for negative media. UBO information is obtained for every corporate customer. All FBME customers are also designated as high or normal risk (see below). FBME's process for conducting customer due diligence is further described in the "Customer Identification and Due Diligence" section of EY's Assessment of FBME's AML/Sanctions Compliance Program as previously submitted to FinCEN.

4. High-Risk Business Customers

FBME internally designates customers as either normal or high risk at the inception of the client relationship. High risk customers include the following as defined by FBME:

- Non-face-to-face clients
- Companies with bearer shares
- Trusts and foundations
- Client/pooled accounts
- Politically Exposed Persons (PEPs)
- Correspondent accounts for a bank outside of the European Union
- Customers from high-risk jurisdictions
- Private banking customers (e.g., Investment Desk clients)
- Clients involved in electronic gambling/gaming

FBME performs periodic due diligence on all customer accounts. High-risk customers are reviewed annually and normal-risk customers are reviewed every three years. All high-risk customers require approval (sign-off) from the MLCO or Alternate MLCO prior to account opening. Further, the MLCO must approve any downgrades from high to normal risk. This review process for high-risk customers can be found in the "Enhanced Due Diligence" section of EY's Assessment of FBME's AML/Sanctions Compliance Program as previously submitted to FinCEN. FBME monitors transactions of high-risk customers via HotScan. The names of high-risk customers are manually uploaded into HotScan. Suspicious transactions are reviewed in accordance with the process described in the EY AML/Sanctions Program Assessment. This information can be found in the "Alert Investigations" section of EY's Assessment of FBME's AML/Sanctions Compliance Program as previously submitted to FinCEN.

- X. **NOF Statement: "FBME was involved in at least 4,500 suspicious wire transfers through U.S. correspondent accounts that totaled at least \$875 million between November 2006 and March 2013. The FBME customers involved in these wire transfers exhibited shell company attributes, and other financial institutions involved in the transfers reported that they were unable to verify the identities of FBME's customers. A lack of transparency for such significant wire activity involving**

FBME's customers makes it extremely difficult for U.S. and other financial institutions involved in these transactions to verify the bona fides of all of the parties to these transfers."

A. Summary of Findings

FBME provided EY a listing of all US correspondent bank inquiries from November 2006 to March 2013. Inquiries related to 13 FBME clients and \$820,327,652 in transactions, as well as 14 non-FBME counterparties who were identified as the remitters of the activity were examined in greater detail as noted in section B below. FBME responses to the inquiries provided business information and a purpose for the transactions that appeared to be consistent with 12 of the 13 customers' business profiles reviewed by EY. One customer did not have a business profile on file at account inception as, at the time the account was opened, FBME's account opening forms did not have a separate business profile section. However, the business profile was obtained during a subsequent KYC update. The FBME companies' business profiles at account inception were supported by contracts or agreements between the customers and the counterparties who were identified in the inquiries. As noted below, other negative information and suspicious behavior were noted by the Bank in some cases and resulted in FBME closing 3 accounts.

B. Description of EY Review Process and Findings

Of the total number of correspondent inquiries identified by FBME, JPMC was identified as the primary US institution for 175 and requested information from FBME for transactions incoming to FBME customer accounts which totaled \$820,327,652 from 01/28/2008 to 12/19/2008. This dollar value represents approximately 47% of the value for all transaction inquiries sent to FBME that year (\$1,743,074,977). An additional 60 inquiries were identified from Dresdner Bank - New York in 2007 that aggregated to approximately \$3.5 million. A total of 13 customers of FBME were associated with the \$820,327,652 in US correspondent transactions¹⁶ as well as 14 non-FBME counterparties¹⁷ (remitters of the transactions). EY requested the customer files for all 13 FBME parties associated with the US correspondent banking transactions. Within these files, EY reviewed the inquiry questions and FBME responses for transactions covering \$452,119,434 or approximately 52% of the amount referenced in the NOF.

1. Trends identified in review of customer files

The following trends have been identified for the accounts and US correspondent transactions noted above:

- FBME response times to JPMC correspondent inquiries ranged from 12 to 41 days, with responses for 10 of the 13 customers occurring after 14 days. In some instances, e-mail correspondence from JPMC providing the inquiry occurred after the date noted on the

¹⁶ FBME Clients Receiving Transactions through JPMC Correspondent Banking: ZENITH HOLDINGS GROUP LIMITED, QUANTUM INVESTMENT LIMITED, ROYAL WINNER TRADING LIMITED, FANTFO INVESTMENTS LIMITED, ECO FINANCIAL INC, PREVENTOR ALLIANCE CORP., PARAGRAPHS Ltd, CONIX COMPANY, STRATEX ALLIANCE Ltd, SEOMEST DEVELOPMENT INC, ROTAVEST GLOBAL INC, BERMONALT SERVICES INC, MELTOVERT GROUP INC.

¹⁷ Non-FBME Counterparties Remitting Transactions through JPMC Correspondent Banking: LLC MICRON, NORMA LLC, LLC PEGAS, RENAISSANCE CAPITAL INVESTMENT MANAGEMENT Ltd, FOND SB, FOREKS, VENERA Ltd, BAGULNIK Ltd, IMPLANTA ZAO MOSCOW, QUADRO-TRANS Ltd, INTEK OOO, TROIKA Ltd, TECHCAPITAL Ltd, ADORY Ltd.

formal inquiry document. Responses to inquiries provided business information and a purpose for the transactions that appeared to be consistent with 12 of the 13 customers' business profiles reviewed by EY. One company, Conix Company, did not have a business profile on file at account inception because, at the time, FBME's account opening forms did not have a separate business profile section. However, the inquiry response and associated agreement noted that Conix Company and the counterparty were involved in medical equipment and devices. The FBME customers' business profiles at account inception were supported by contracts or agreements between the customers and their counterparties. The remaining responses to inquiry questions represented more standard language in regard to identifying beneficial owners and due diligence performed on the account.

- For at least 7 of the 13 FBME customers, the amount affiliated to the U.S. correspondent transactions would exceed the value noted in contracts and/or agreements in the customer file and/or be greater than the expected turnover for the company for the year of inquiry as noted on the most recent business profile. Of the 13 FBME customers, 12 had contracts and/or agreements that corresponded to the business purposes for the entities as noted in the inquiry responses and/or business profiles. For the one company account (Fantfo Investments Limited) that did not contain a contract with the counterparty identified in a 2008 inquiry, a reference to an agreement from 2006 between the parties was noted separately in the customer file.
- Due diligence for all 13 FBME customers was mostly conducted at account inception. However, for 1 of the aforementioned 13 client relationships, Zenith Holdings Group Limited, there was no documentation present in the file related to watch list screening (e.g., sanctions, PEP, negative news) for relevant stakeholders (directors, signatories, etc.). FBME introduced World-Check searches for parties involved in account opening in mid-2007; therefore, an account that was opened in 2007 or earlier would not have a World-Check search on file at account inception. Zenith Holdings Group Limited was opened on 06/16/2006 and was closed on 11/25/2008. EY performed World-Check and internet searches for Zenith Holdings Group Limited and associated parties (signatories, directors, UBOs, etc.) and no results were found except for one director/nominee shareholder, Sean Lee Hogan. Sean Lee Hogan was identified through public media as running a "Cyprus nominee operation". This individual was found to have put his name to nearly 100 BVI and 743 UK companies.¹⁸ The date of the article is 11/25/2012 while the Zenith Holdings Ltd account at FBME has been closed since 11/25/2008. Further, in 11 of the accounts, there was no indication that consistent ongoing due diligence (e.g., updated World-Check searches, updated business profiles) was conducted, but 10 of these accounts were closed within two years of their open dates.
- Eleven of the 13 FBME customers' accounts are currently closed and a majority of them were closed in 2009 or earlier. This is approximately the time that JPMC ended its correspondent relationship with FBME. On 05/13/2008, George Rodger, former head of FBME's Compliance Department, sent an email to request the closure of 29 accounts associated with the Balashov Group. A risk assessment that was documented by Mr. Rodger on 07/10/2007 stated that the risk to the Bank of these accounts outweighed the possible return. Two of the 13 accounts were closed through this process as a result of the email and a third account related to the Balashov Group, Zenith Holdings Group Limited, was closed by the Bank in November 2008 due to dormancy. Based upon documentation received from FBME, 6 additional accounts were closed by the Bank because the accounts were in a dormant status. Finally, one account was closed by the Bank after internet

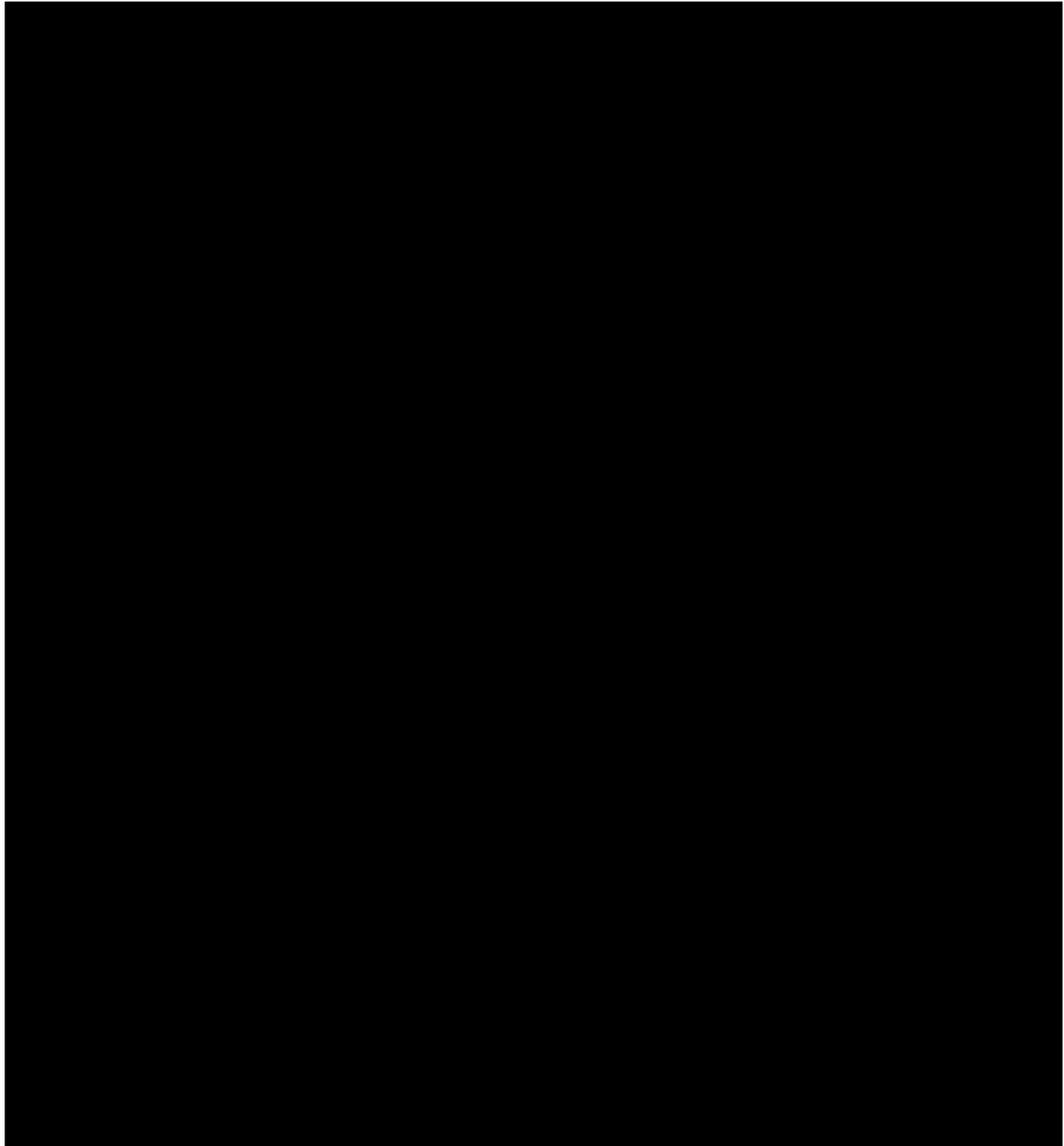
¹⁸ <http://www.theguardian.com/uk/2012/nov/25/offshore-secrets-sark-lark-britons>.

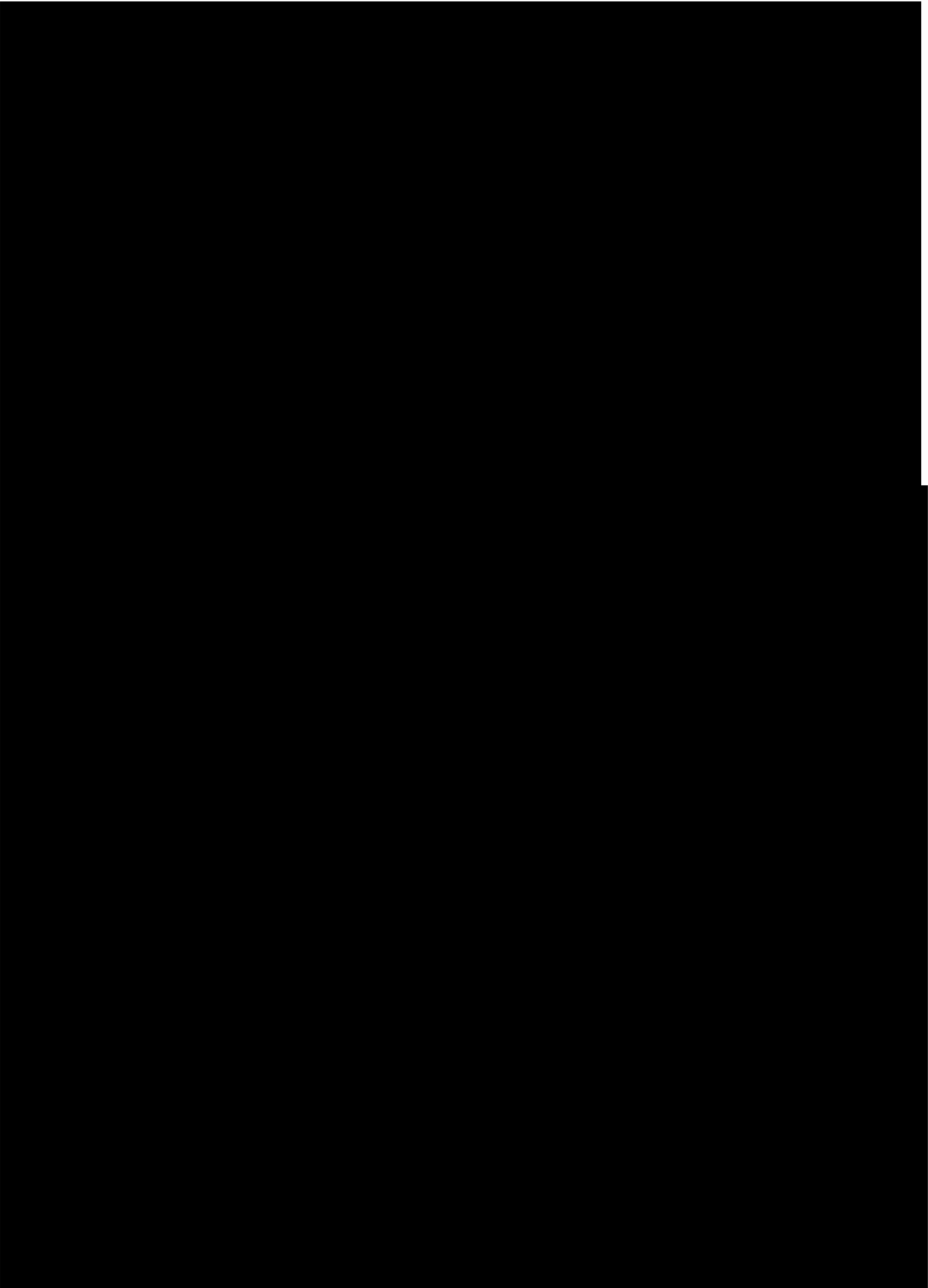
search results indicated that Conix Company was 'to be dissolved' and one account (Eco Financial Inc.) was closed as the customer no longer needed the account.

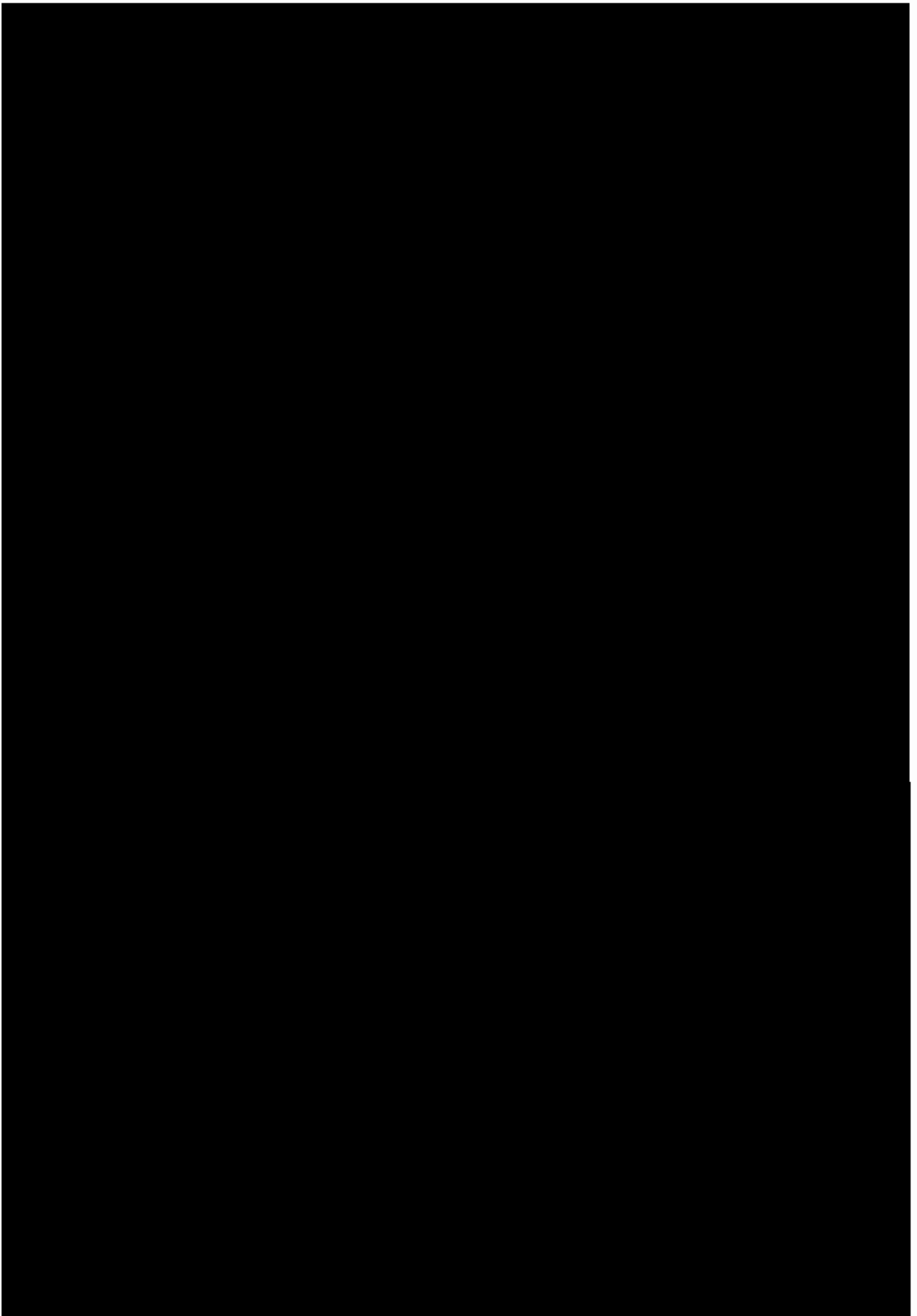
- Three of the individuals (e.g., UBOs, signatories, directors) associated with these 13 FBME customers overlap and there is at least one instance where there is documentation linking three of the companies to common signatories and directors.

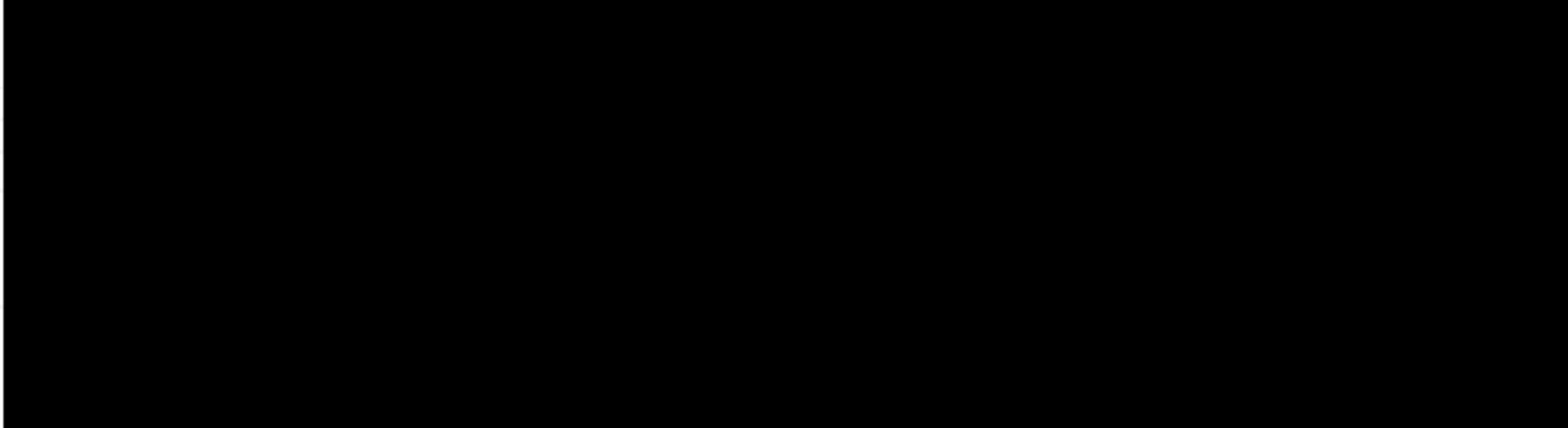
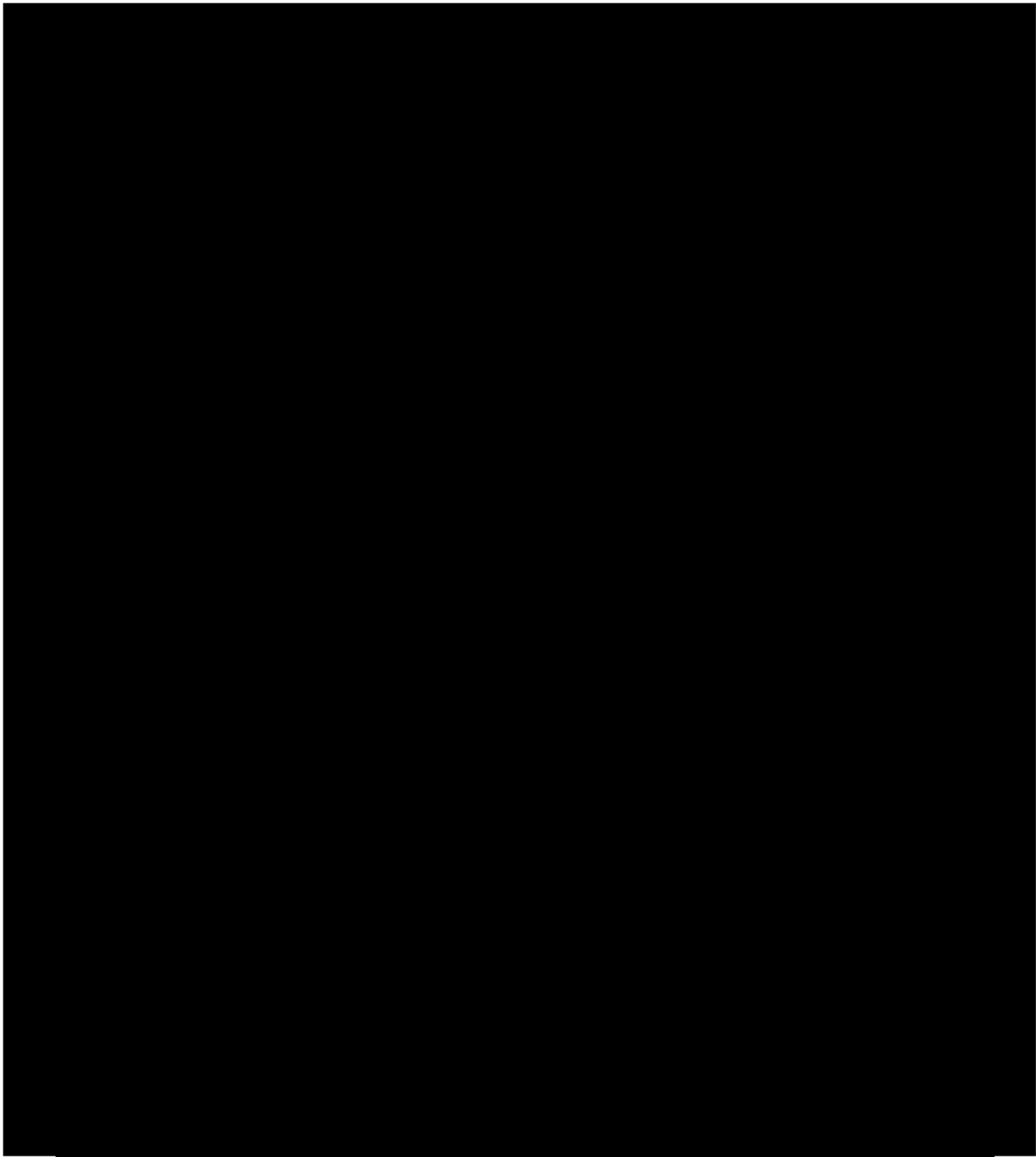
2. Observations from customer accounts

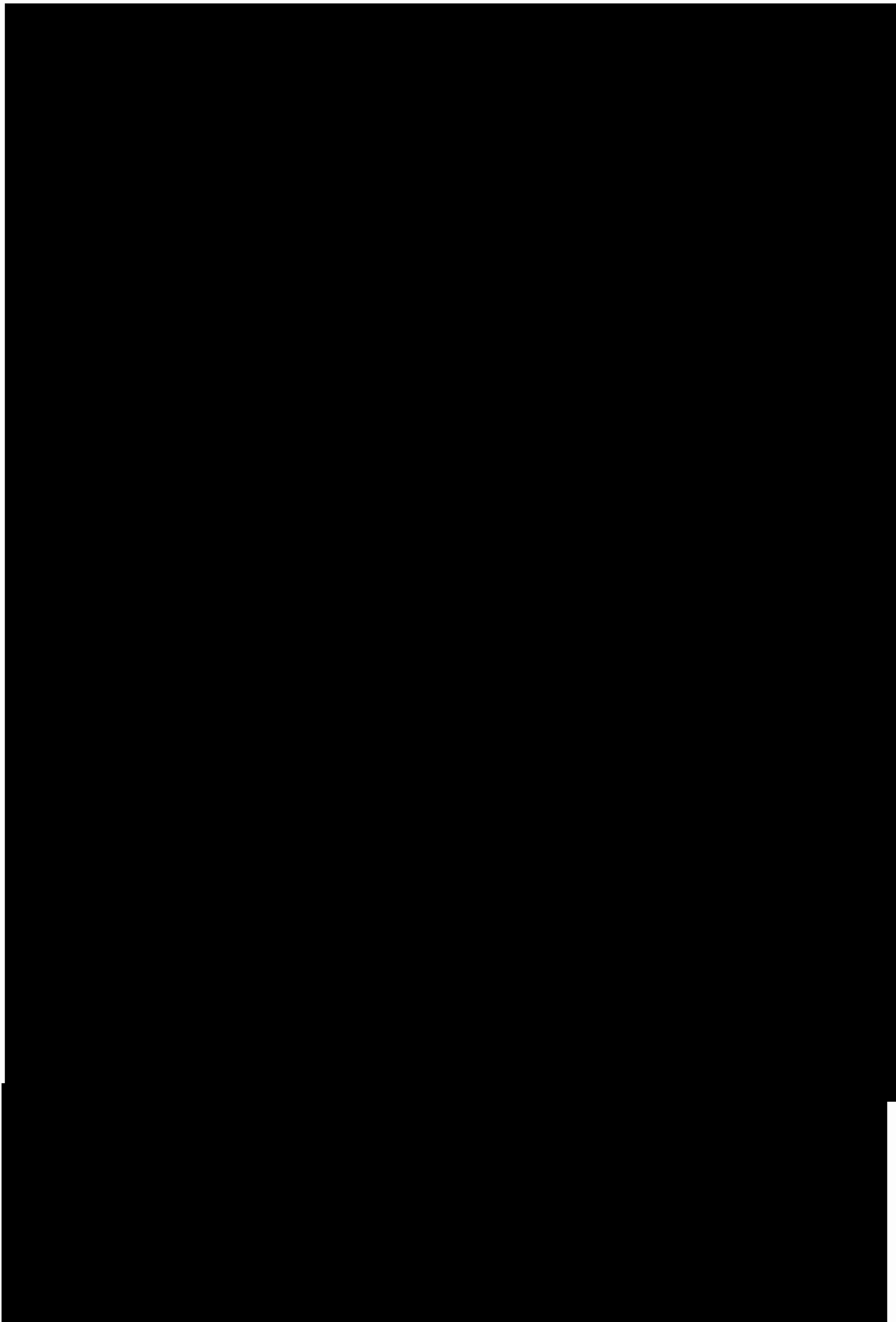
Certain highlight observations of the FBME customers are set forth below.











2. Implementation of the Policy

In September through October 2009, Deutsche Bank requested that FBME use the customer's address in any SWIFT messages processed through the correspondent relationship instead of the Bank's address. In late 2009, FBME implemented the Policy to include registered or operating customer addresses in wire transactions. Only 14 FBME customers who received USD transactions directly through a US correspondent banking relationship used the Bank's address to accept remittance from the implementation of the Policy (12/31/2009) to 03/01/2013. This consisted of only 160 transactions totaling \$2,574,823 during that timeframe.

FBME has a list of 45 current customers that continue to maintain the Bank's address as their correspondence address in Flexcube as limited exceptions to the Policy. Of these accounts, 25 are active and are held by customers who have a direct relationship with the Bank. EY, with the help of the Bank's Vice President of Compliance, reviewed these 25 customer accounts and identified them as being related to FBME. These parties include:

- Internal accounts the Bank holds directly; accounts maintained by employees or shareholders of the Bank where the address is reflected as "in care of" FBME bank; and
- Accounts for companies or individuals directly associated with bank ownership.

The remaining 20 of these 45 accounts were noted as dormant by FBME. These 20 accounts were not updated to reflect the address of the individual or corporation holding the account due to their "dormant" status. If an outgoing wire payment were to be requested by any of these parties, it would

²⁴ These 3 customers are Noi Dot, Tann Capital Trading Ltd and New Market Resources.

be FBME's procedure to update the address in the system to the customer's address and remove the Bank's address.

3. Customers with an Address Associated with OFAC Sanctioned Countries who Transacted with the Bank's Address

EY reviewed documents to identify customers who transacted using FBME's address in Cyprus and also had an Iranian or Syrian passport, beneficial owners related to Iran or Syria or an operating address in Iran or Syria on file. Documentation reviewed for this purpose includes the following:

- EY reviewed the list of 45 customers identified by the Bank as having FBME's address as the correspondence address in Flexcube. EY identified 7 of these customers as having an Iranian passport or operating address on file. Three of these seven accounts are active (1 USD / 2 EUR) as identified in Flexcube. All identified customers' account files were reviewed for transactions associated for the time period of 07/01/2007 to 03/01/2013 utilizing FBME's address.
- FBME provided, at EY's request, a list of all open and closed FBME accounts that had an Iranian or Syrian passport, beneficial ownership relationship or an operating address in Iran or Syria on file. (EY did not apply any completeness procedures against the lists provided.) These lists were compared against the list of parties transacting with the Bank's address. This resulted in the identification of additional FBME accounts related to Iran and Syria which transacted with the Bank's address.

Based on this data, EY identified 12 accounts that had Iranian passports, beneficial ownership relationships or operating addresses on file and two accounts that had Syrian passports, beneficial ownership relationships or operating addresses on file and transacted using FBME's address in Cyprus. The outcome of this review is described below and in the table included at Appendix E.

Syria

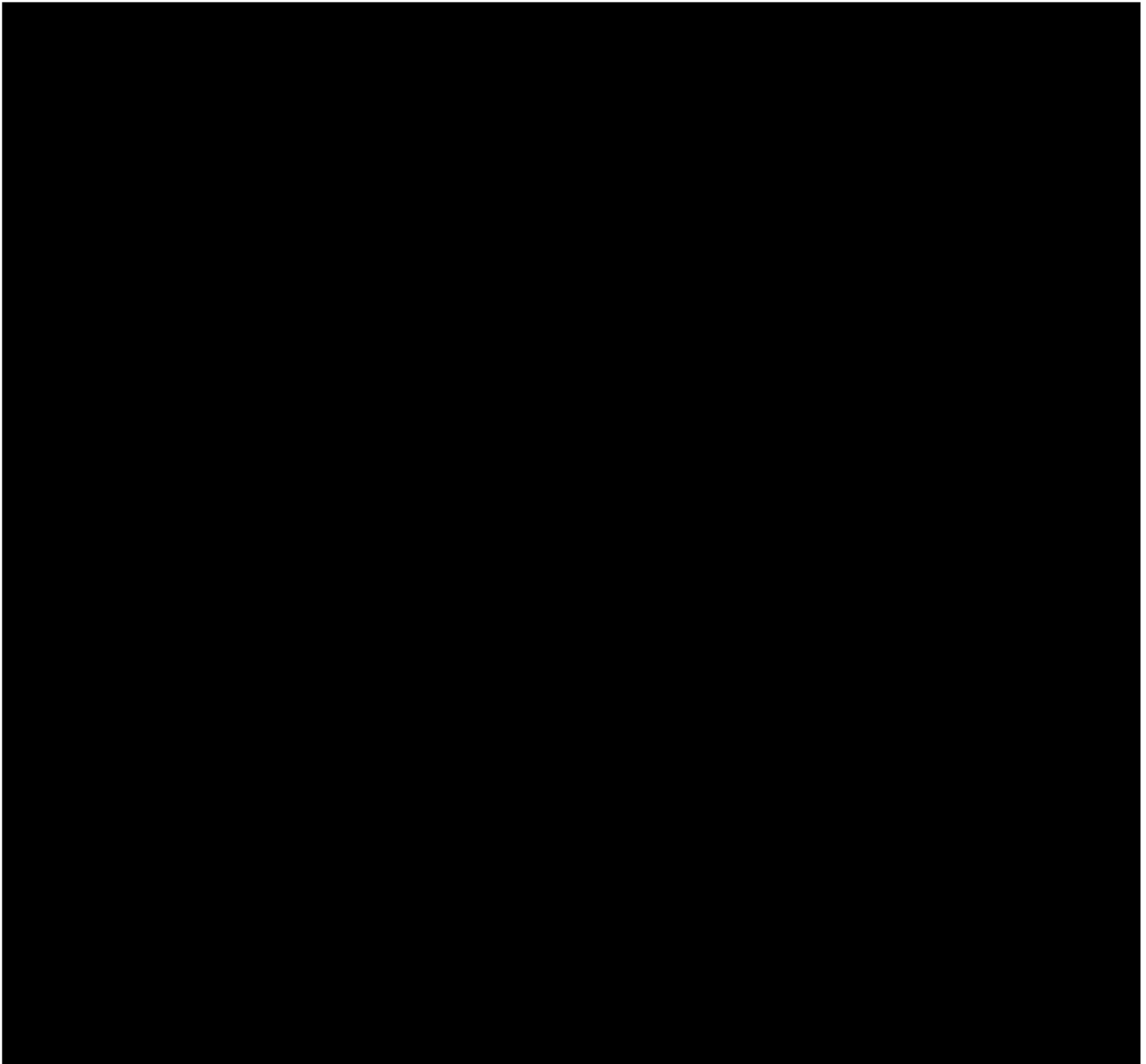
- The two Syrian FBME customers did not transact in USD with FBME's address after August 2011. One of these accounts was closed in March 2011. The other account only maintains an active status in Flexcube because the customer maintains a credit card relationship with the Bank but there has not been an incoming or outgoing transaction from this account since a EUR transaction on 11/14/2013. This account has a EUR balance of €23,194 and USD balance of \$419.
- Each of these customers only had one transaction using the Bank's address after the Policy was implemented: one customer transacted in USD in March 2011 on the day on which the account was closed (outgoing payment of \$911) and the other transacted in November 2013 in EUR (outgoing payment of €3,690). The November 2013 transaction is included in the analysis even though it occurred after 03/01/2013.

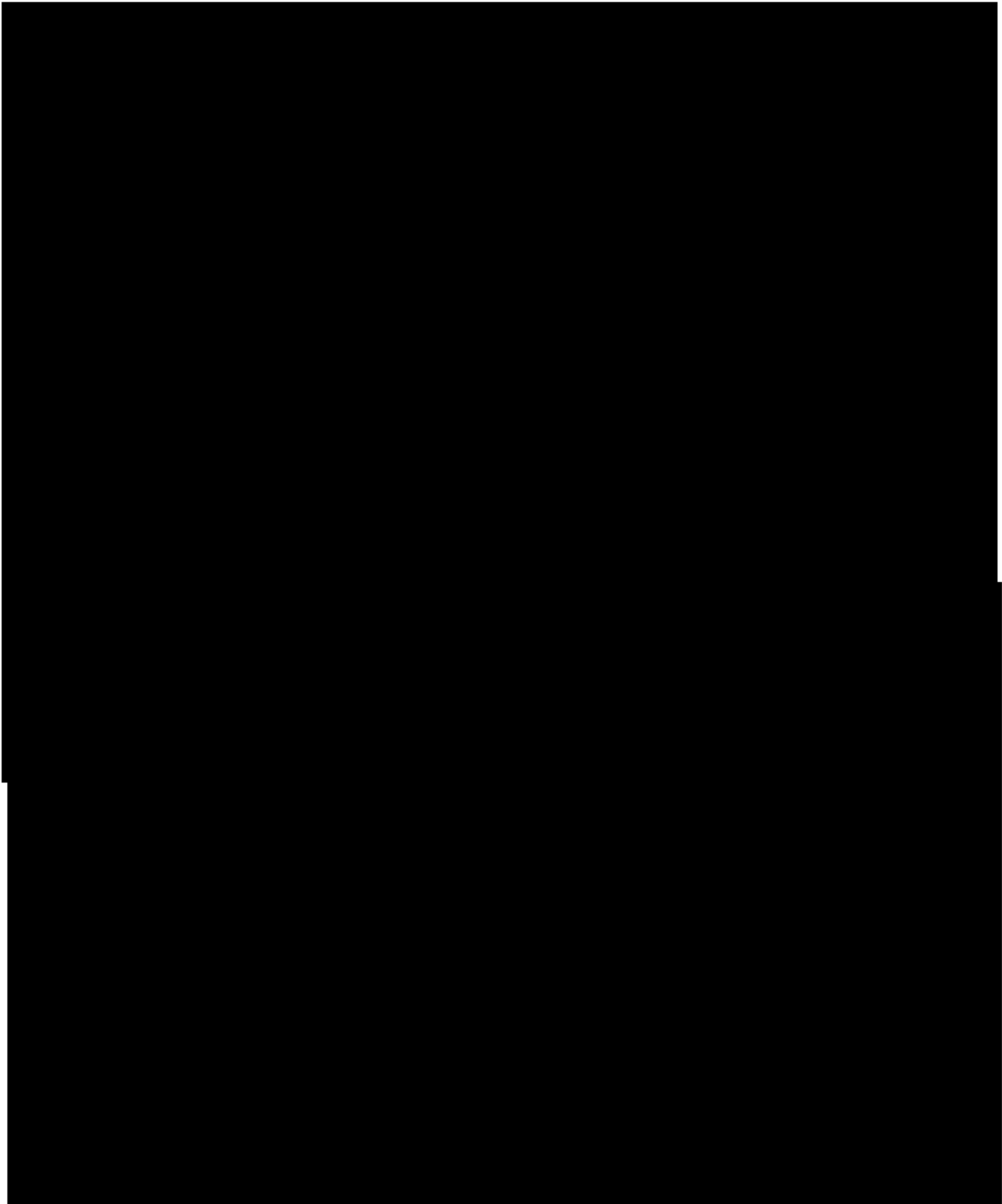
Iran

- Only one of the USD accounts maintains an active status in Flexcube due to an internal transfer between personal and business accounts held at FBME. This account has not had any incoming or outgoing transactions in USD using the Bank's address since December 2012 and the balance on this account is \$161.79.
- After implementation of the Policy, using the Bank's address, nine of the twelve Iranian customers performed a total of 83 transactions in USD totaling \$260,377 and eight of the

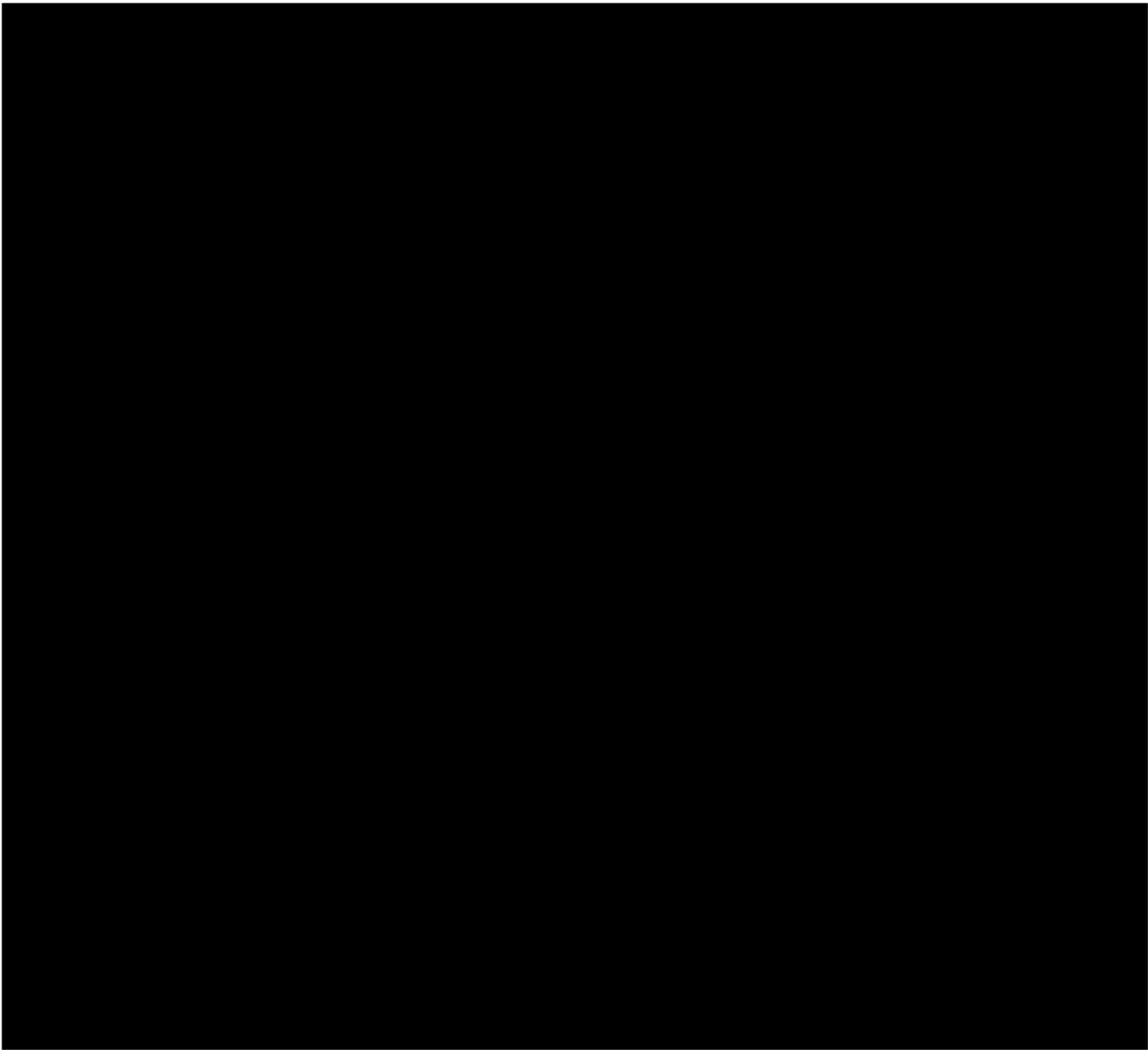
twelve Iranian customers performed a total of 74 transactions in EUR totaling €490,902. The USD transactions occurred between 01/06/2010 and 12/14/2012. The EUR transactions occurred between 01/27/2010 and 02/18/2013.

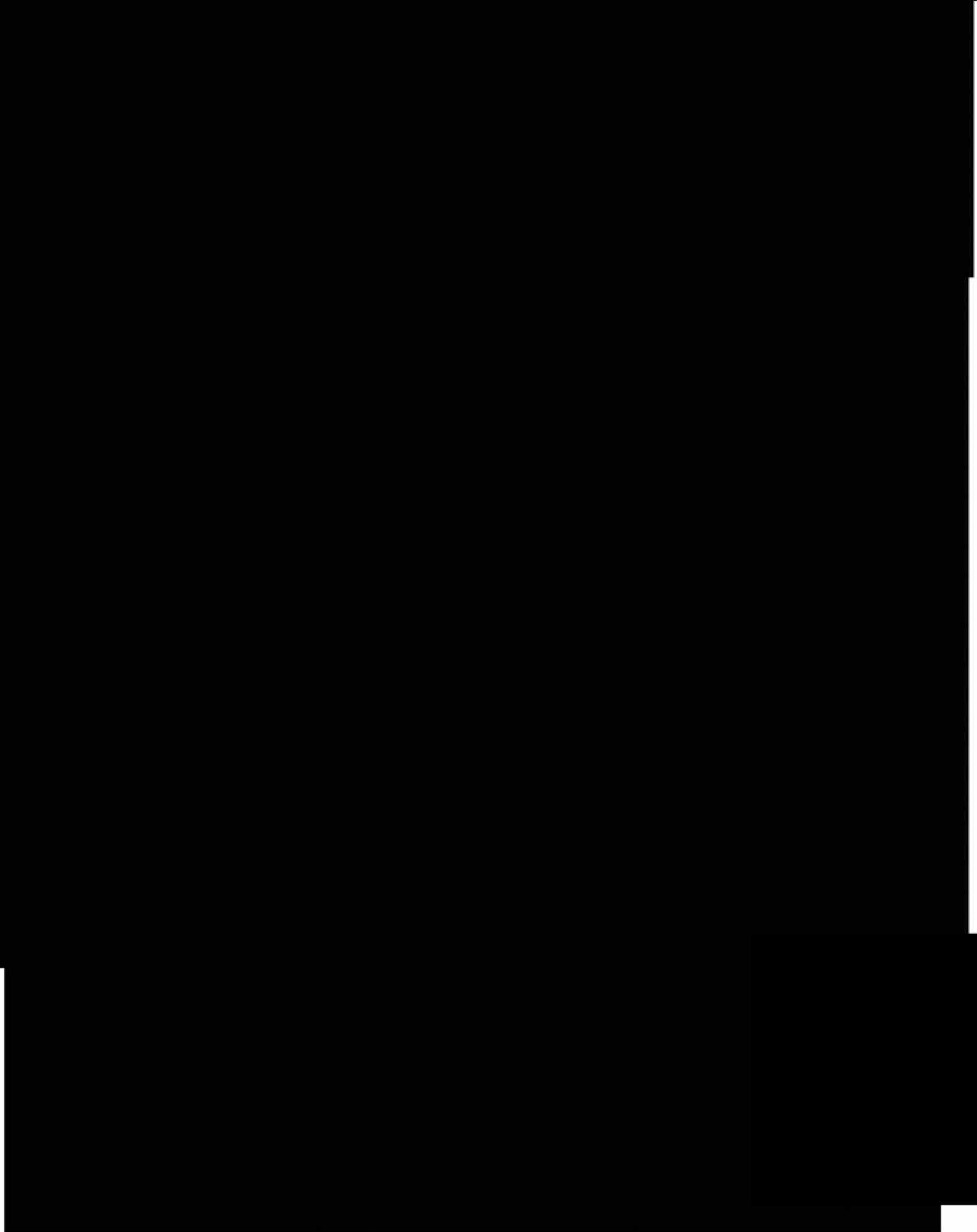
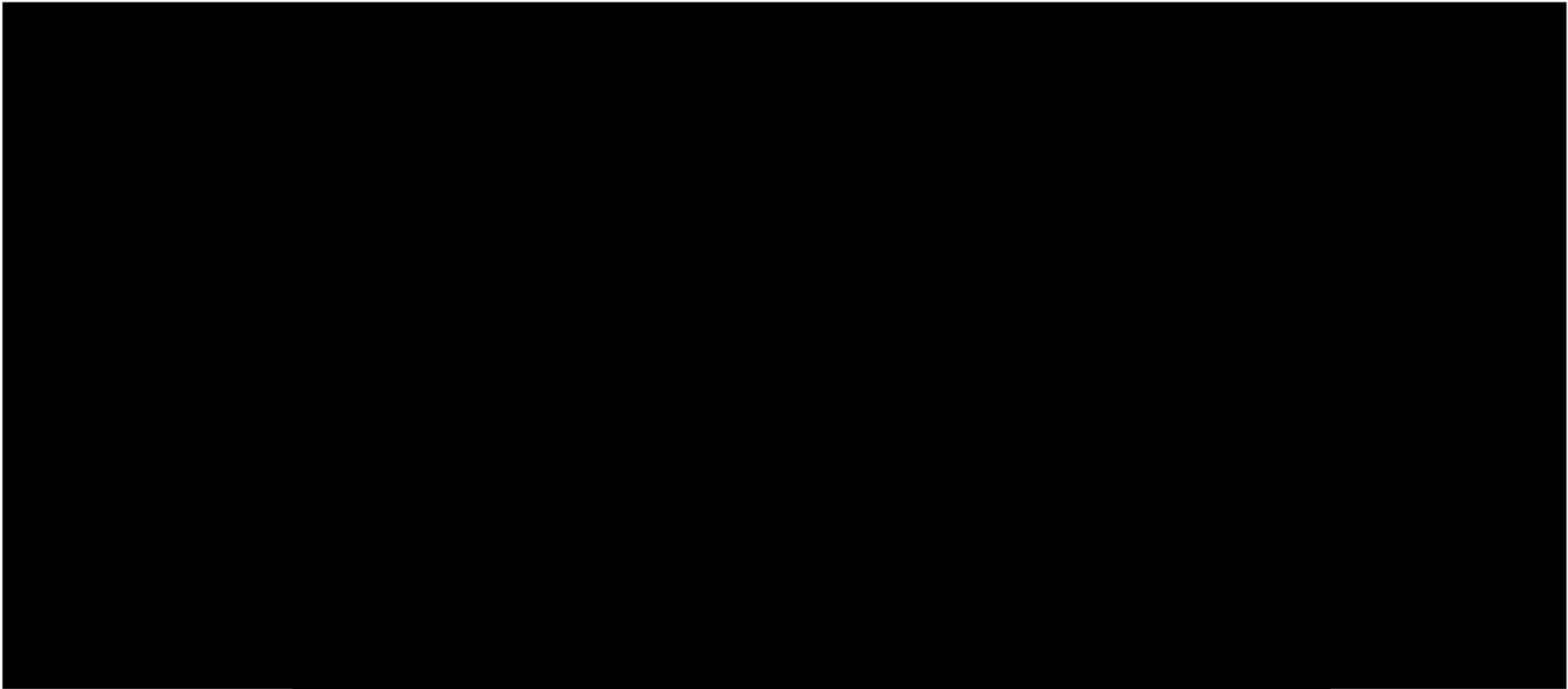
- The 12 Iranian customers remitted at least \$408,469 and €1,236,975 from 09/14/2007 to 02/18/2013 in outgoing wire transactions from their FBME accounts using FBME's address. In addition to the outgoing transactions, the above mentioned Iranian customer accounts received at least \$217,285 and €846,173 from 03/12/2008 to 05/08/2012 in incoming wire transactions while utilizing FBME's address in the transaction details.
- A review was conducted of the 12 Iranian accounts to identify if any additional transactions occurred after 03/01/2013. No such transactions were identified.
- No USD denominated transaction was identified as occurring in 2013 or 2014. Only one EUR denominated transaction was identified as occurring in 2013 and no EUR denominated transactions were identified as occurring in 2014.

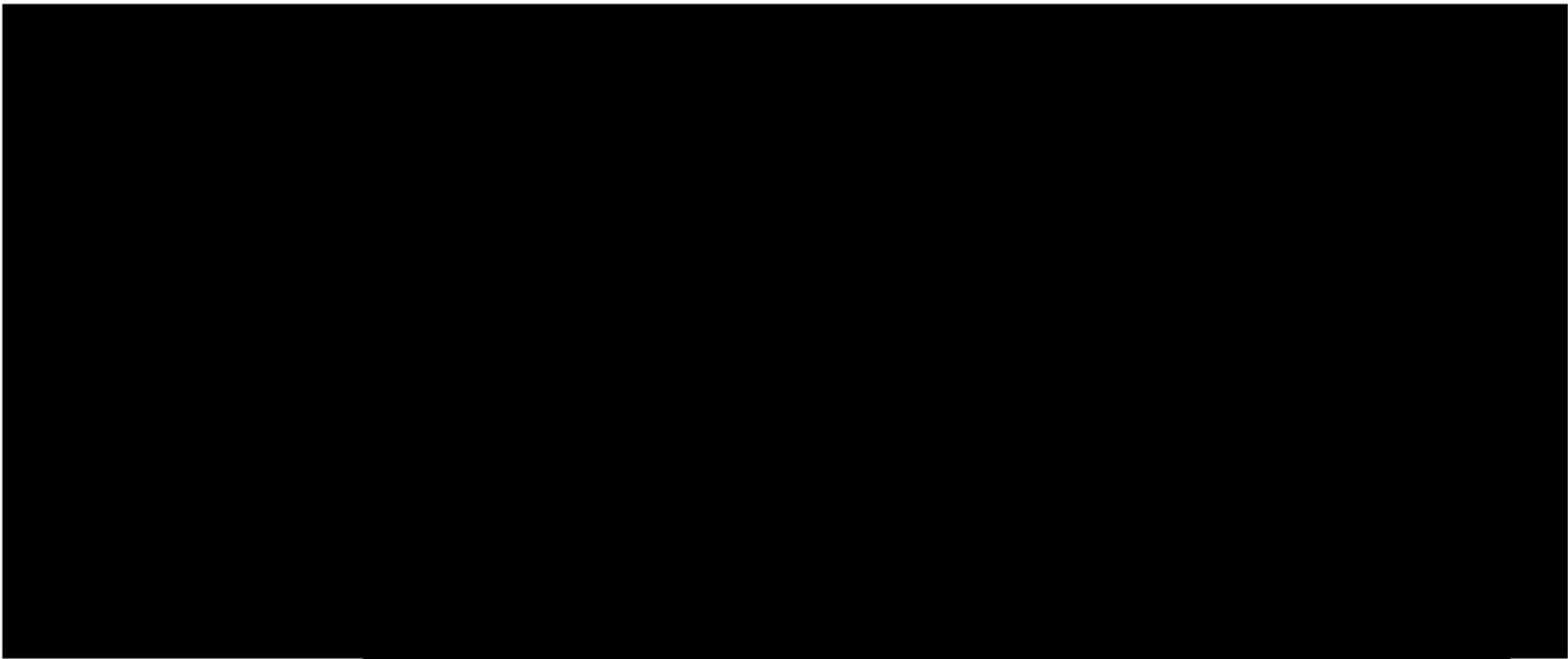




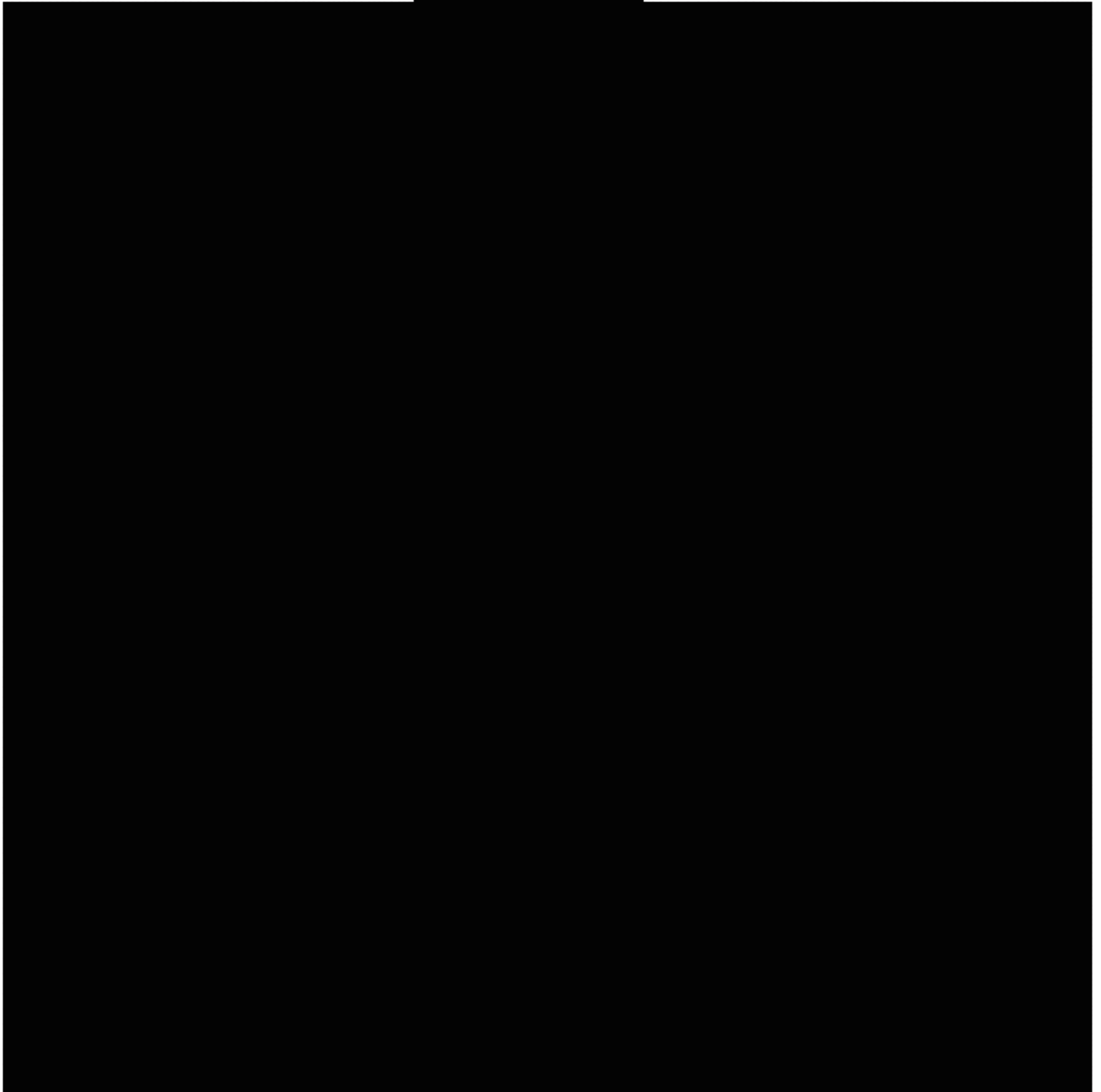
²⁶ For a representative list of watch lists researched, please refer to Appendix A.1







Appendix A - Results of [REDACTED] Due Diligence (Cont.)



Appendix B - Transactions Related to Tredwell Marketing

<i>Company</i>	<i>Order Party/Beneficiary</i>	<i>US Correspondent</i>	<i>Payment Details*</i>	<i>Date</i>	<i>Amount</i>
Maribo					
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Husam AldenFarwati BN Mohammad (Syrian Address)	11/15/2010	\$999,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Ammar Mahmoud Jbeili (UBO of Maribo)	11/08/2010	\$1,949,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Zaher Antabi Bin Mohad Ali Comm R (Syrian Address)	11/03/2010	\$1,499,950
Incoming	Kamal Exchange - Amman, JO	N/A	MYTC Offshores (Lebanese Address)	11/03/2010	\$1,999,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Zaher Antabi Bin Mohad Ali Comm R (Syrian Address)	10/25/2010	\$1,600,050
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Hasan Hajhamada Bin Mohammad	10/12/2010	\$399,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	MYTC Offshores (Lebanese Address)	08/25/2010	\$699,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	MYTC Offshores (Lebanese Address)	08/23/2010	\$799,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Jbeili Pass (UBO of Maribo)	08/23/2010	\$699,912
Incoming	Kamal Exchange - Amman, JO	Raiffeisen	Ahmend Fadel Hetalani (unknown address)	08/19/2010	\$213,823
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	MYTC Offshores (Lebanese Address)	08/18/2010	\$499,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	MYTC Offshores (Lebanese Address)	08/17/2010	\$499,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	MYTC Offshores (Lebanese Address)	08/12/2010	\$349,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Jbeili Pass (UBO of Maribo)	07/29/2010	\$589,961
Incoming	Kamal Exchange - Amman, JO	Raiffeisen	MYTC Offshores (Lebanese Address)	07/21/2010	\$1,349,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Ragheb (unknown address)	06/17/2010	\$469,950
Incoming	Kamal Exchange - Amman, JO	Deutsche Bank - New York	Ragheb Awmy Masoud (unknown address)	05/10/2010	\$179,950
				Total	\$14,803,096

*Address was confirmed through a review of the customer file but was not listed in the transaction details.

Appendix B - Transactions Related to Tredwell Marketing (Cont.)

<i>Company</i>	<i>Order Party/Beneficiary</i>	<i>US Correspondent</i>	<i>Inquiry Received?</i>	<i>Date</i>	<i>Amount</i>
Maribo					
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	No	12/07/2012	\$ 230,000
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	No	09/24/2012	\$ 198,000
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	Yes	08/07/2012	\$ 198,000
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	Yes	07/23/2012	\$ 275,000
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	No	07/09/2012	\$ 249,100
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	Yes	06/11/2012	\$ 211,315
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	Yes	05/11/2012	\$ 250,000
Outgoing	Mallah Yammine Trading - Beirut Lebanon	Deutsche Bank - New York	No	11/11/2011	\$ 170,000
				Total	\$ 1,781,415

Appendix B - Transactions Related to Tredwell Marketing (Cont.)

<i>Company</i>	<i>Order Party/Beneficiary</i>	<i>Date</i>	<i>Amount</i>
Maribo			
Outgoing	Ministry of Finance of the Russian Federation	11/24/2010	\$355,500
Outgoing	Ministry of Finance of the Russian Federation	11/24/2010	\$250,000
Outgoing	Ministry of Finance of the Russian Federation	11/19/2010	\$8,860,000
Outgoing	Ministry of Finance of the Russian Federation	10/26/2010	\$2,371,908
Outgoing	Ministry of Finance of the Russian Federation	10/18/2010	\$3,473,000
Outgoing	Ministry of Finance of the Russian Federation	09/30/2010	\$306,434
Outgoing	Ministry of Finance of the Russian Federation	09/27/2010	\$2,338,000
Outgoing	Ministry of Finance of the Russian Federation	09/15/2010	\$1,017,907
Outgoing	Ministry of Finance of the Russian Federation	08/26/2010	\$734,990
Outgoing	Ministry of Finance of the Russian Federation	08/25/2010	\$1,570,000
Outgoing	Ministry of Finance of the Russian Federation	08/23/2010	\$3,770,000
Outgoing	Ministry of Finance of the Russian Federation	07/30/2010	\$578,906
Outgoing	Ministry of Finance of the Russian Federation	07/29/2010	\$1,157,811
Outgoing	Ministry of Finance of the Russian Federation	07/23/2010	\$1,779,785
Outgoing	Ministry of Finance of the Russian Federation	06/22/2010	\$660,187
Outgoing	Ministry of Finance of the Russian Federation	06/21/2010	\$1,400,000
Outgoing	Ministry of Finance of the Russian Federation	06/17/2010	\$1,100,000
Outgoing	Ministry of Finance of the Russian Federation	06/16/2010	\$71,787
Outgoing	Ministry of Finance of the Russian Federation	05/27/2010	\$1,399,865
Outgoing	Ministry of Finance of the Russian Federation	04/13/2010	\$279,385
Outgoing	Ministry of Finance of the Russian Federation	02/03/2010	\$25
Outgoing	Ministry of Finance of the Russian Federation	02/02/2010	\$151,223
		Total	\$33,626,713

Note: Above chart included for illustrative purposes. Transactions are consistent with the contractual relationship between Maribo and the Ministry of Finance of Russia.

Appendix C - Transactions Related to Berkeley Trade

Berkeley Trade LLP

Company

Berkeley Trade LLP

	<i>Order Party/Beneficiary</i>	<i>Date</i>	<i>Amount</i>
Incoming Transaction	Tresor Public	02/02/2012	\$ 7,258,385
Internal Transfer	Saab Financial	03/14/2012	\$ (5,000,000)
Internal Transfer	AB Systems	03/22/2012	\$ (1,600,000)
<i>AB Systems Ltd</i>			
Internal Transfer	Berkeley Trade LLP	03/22/2012	\$ 1,600,000
Outgoing Transaction	Baratta, Baratta and Aidala LLP (for purchase of MAve hotel)	03/22/2012	\$ (1,500,000)

Note: The above table contains the large dollar amount transactions associated with Berkeley Trade LLP and is comprehensive aside from a few smaller transactions related to earned interest not shown in the table.

Appendix D - Structuring and Surge Wire Analysis

Structuring Analysis	Total 7-10k	Sampled Amount	Percentage of Total	Number of Parties
Incoming 7-10k - Active (1)	\$ 15,667,628.55	\$ 3,296,718.20	21.04%	18
Outgoing 7-10k - Active	\$ 35,218,485.54	\$ 5,907,264.34	16.77%	36
Incoming 7-10k - Dormant	\$ 1,190,366.18	\$ 520,476.12	43.72%	13
Outgoing 7-10k - Dormant (2)	\$ 3,945,806.15	\$ 651,676.41	16.52%	8
Incoming 7-10k - Closed (3)	\$ 10,686,915.60	\$ 5,939,029.50	55.57%	11
Outgoing 7-10k - Closed	\$ 5,219,293.16	\$ 2,091,280.35	40.07%	6
Totals	\$ 71,928,495.18	\$ 18,406,444.92	25.59%	92

(1) To capture a greater percentage of the incoming active account transaction population, instances where three or more round dollar transactions associated to one entity were included along with parties who were associated to 20 or more total transactions during the period of review

(2) To capture a greater percentage of the outgoing dormant account transaction population, instances where two or more round dollar transactions associated to one entity were included along with parties who were associated to 30 or more total transactions during the time period of review

(3) To capture a greater percentage of the incoming closed account transaction population, instances where two or more round dollar transactions associated to one entity were included along with parties who were associated to 40 or more total transactions during the period of review

Type of Account	Customers Sampled	Customers Met Structuring Criteria	Value of Potentially Structured Activity	High Risk Clients	% of HR Clients in Sample	MOKAS Reports Filed	Mantas Alerts (2013-2014)	Mantas % of Sample	HotScan Alerts Cleared (2013-2014)	HotScan % of Sample
Active	54	23	\$ 2,106,098.26	6	15.00%	0	4	10.00%	9	22.50%
Dormant	21	5	\$ 143,978.45	0	0.00%	0	0	0.00%	1	2.50%
Closed	17	12	\$ 6,919,244.24	0	0.00%	0	0	0.00%	3	7.50%
Totals	92	40	\$ 9,169,320.95	6	15.00%	0	4	10.00%	13	32.50%

Appendix D - Structuring and Surge Wire Analysis (Cont.)

High Risk Surge Analysis	Total 100k+	Sampled Amount	Percentage of Total	Number of Parties
Incoming 100k - Active	\$ 261,836,000.00	\$ 97,982,000.00	37.42%	18
Outgoing 100k - Active	\$ 466,937,000.00	\$ 183,879,000.00	39.38%	21
Incoming 100k - Dormant (1)	\$ 25,429,000.00	\$ 15,375,000.00	60.46%	3
Outgoing 100k - Dormant (1)	\$ 45,450,000.00	\$ 19,645,000.00	43.22%	9
Incoming 100k - Closed	\$ 38,150,000.00	\$ 21,502,000.00	56.36%	4
Outgoing 100k - Closed	\$ 35,653,000.00	\$ 23,495,000.00	65.90%	4
Totals	\$ 873,455,000.00	\$ 361,878,000.00	41.43%	59

(1) To capture a greater percentage of the incoming and outgoing dormant account transaction population, instances where four or more round dollar transactions were associated to one entity were included in the sample.

Type of Account	Customers Sampled (2)	Customers Met Surge Activity Criteria	Value of Potential Surge Activity	High Risk Clients	% of HR Clients in Sample	MOKAS Reports Filed	Mantas Alerts (2013-2014)	Mantas % of Sample	HotScan Alerts Cleared (2013-2014)	HotScan % of Sample
Active	39	10	\$101,599,000.00	2	13.3%	0	4	40.0%	8	53.3%
Dormant	12	4	\$ 16,830,000.00	3	20.0%	0	2	50.0%	3	20.0%
Closed	8	1	\$12,500,000.00	0	0.0%	0	0	0.0%	1	6.7%
Totals	59	15	\$130,929,000.00	5	33.3%	0	6	40.0%	12	80.0%

(2) A review of the 59 parties resulted in a consolidated number of 51 due to duplicates caused by spelling variations or parties who were part of both incoming and outgoing transactions

Appendix E - Customers with Iranian or Syrian Nexus that Transacted with Bank's Address

Confirmed Iranian/Syrian FBME Customers	Account Number	Sanctioned Country	Account Balance	Account Closed Date/Status as per Flexcube	Date of Last Transaction	USD Incoming	USD Outgoing	EUR Denominated Transactions Incoming	EUR Denominated Transactions Outgoing
BEHROOZ AGHARAZY	59191	Iran	-	07/22/2010	07/19/2010	-	-	-	25,310
VAHID SIROUS KABIRI	59383	Iran	-	12/29/2011	07/17/2009	-	-	1,429	-
GEVORK BOHDJALIAN	66314	Iran	-	10/19/2012	02/16/2012	\$22,209	\$5,700	116,682	148,000
MAHMUD AGHA ZIA or GEVORK BOHDJALIAN	50581	Iran	-	11/16/2010	03/16/2010	\$5,052	-	161,665	233,000
SAEED SANIEPOUR ISFAHANY	55645	Iran	161.79	Active USD	12/14/2012	\$190,024	\$116,076	2,320	1,652
MEHDI A POSHTKOUHI	46460	Iran	13.02 EUR	Dormant	11/23/2011	-	\$169,460	186,191	116,785
NAHID HAMIDIAN	59717	Iran	1,361.01 EUR	Dormant	02/18/2013	-	-	21,844	32,190
MOHAMMAD REZA MAHMOUDI	59955	Iran	622.40 EUR	Active EUR	05/26/2011	-	-	31,323	-
SHAHROKH SHAHI BEHNOOSH	58665	Iran	-	08/09/2011	08/09/2011	-	\$57,573	-	27,864
WILNA LTD	46052	Iran	(85.41) EUR / (\$86.15)	Active EUR / USD Dormant	11/13/2012	-	-	-	72,674
FIROUZ FARAHMAND	53717	Iran	11,715.39 EUR / \$2,637.54	Dormant	07/24/2008	-	-	324,719	299,500
CYRUS FARAHMAND	46632	Iran	(10,486) EUR / (\$33.00)	Active EUR / USD Dormant	09/01/2010	-	\$59,660	-	280,000
YAHYA FALLAHA or MOHD FADEL FALL	50990	Syria	-	03/02/2011	03/02/2011	-	\$911	-	-
YAHYA and ALAA-ELDIN FALLAHA	54944	Syria	23,193.57 EUR / \$418.59	Active EUR / Active USD	11/04/2013	-	-	-	4,008
						\$217,285	\$409,380	846,173	1,240,983
						USD Total	\$626,665	Euro Total	2,087,156

Notes: All wire transactions contain FBME's address as the address associated with the Customer and occurred from 09/14/2007 to 11/04/2013. Account status derived from FBME's core banking system, Flexcube.

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