



U.S. Department of Justice

Criminal Division

Deputy Assistant Attorney General

Washington, D.C. 20530

May 28, 2010

Robert M. Schenck  
Vice President  
The Federal Reserve Bank of Atlanta  
1000 Peachtree Street, Northeast  
Atlanta, Georgia 30309

Kenneth I. Chenault  
Chairman & Chief Executive Officer  
American Express Company  
200 Vesey Street  
New York, New York 10285

Re: **Sergio J. Masvidal**

Dear Sirs:

I am writing on behalf of the Criminal Division of the United States Department of Justice concerning Sergio J. Masvidal.

Both of your organizations were involved in the resolution of investigations, by the Department of Justice (the "Department") and the Federal Reserve, of American Express Bank International ("AEBI") in August 2007. As you know, the Department conducted an extensive investigation of AEBI's violations of the Bank Secrecy Act and anti-money laundering compliance regulations. That investigation resulted in the filing by the Department of a Deferred Prosecution Agreement ("DPA") in *United States v. American Express Bank International*, Case No. 07-20602-CR-ZLOCH, U.S. District Court for the Southern District of Florida.<sup>1</sup> The DPA required the payment of monetary penalties by AEBI and the imposition of improvements to the bank's BSA/AML compliance program.

<sup>1</sup> At the time of the filing of the DPA, the Federal Reserve filed a Cease and Desist Order and Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended, in *In the Matter of American Express Bank International, Miami, Florida*, Docket No. 07-017-B-EC. The DPA expressly incorporated the Cease and Desist Order.

The August 2007 DPA was the result of an investigation that was commenced by the Department in 1999. Mr. Masvidal was the Chairman of AEBI at the time of the investigation, as well as the Managing Director and Head of Global Wealth Management for American Express Bank, Ltd. At the time the DPA was entered into, Mr. Masvidal was not the target of the Department's inquiry, and the Department's investigation did not reveal that he had committed any criminal offense or violated any banking regulation.

Although Mr. Masvidal was not criminally implicated in AEBI's compliance violations, the line prosecutor and AEBI entered into a separate letter agreement, which prohibited Mr. Masvidal from being employed by any entity that purchased AEBI, or from continued employment with AEBI if no purchaser were found, unless the Department of Justice consented in advance to such employment. This separate agreement was not presented to the District Court that was considering the DPA. Such undisclosed letter agreements are not part of the Criminal Division's practice.


Shortly after the DPA and the letter agreement were entered, American Express sold AEBI to Standard Chartered PLC. Accordingly, in light of the letter agreement, Mr. Masvidal would not be permitted to be employed by Standard Chartered without the express consent of the Department. Mr. Masvidal states that he learned of the letter agreement's restrictions after the impending sale of AEBI to Standard Chartered was announced, when he was discussing with American Express his interest in taking a position with the acquiring bank. Mr. Masvidal has informed the Department that from the time he learned of the restrictions, he made substantial efforts to overcome their negative implications. Mr. Masvidal has further informed the Department that his opportunities to take a position with Standard Chartered were defeated by the existence of the separate letter agreement.

At the request of Mr. Masvidal, the Department agreed to terminate the letter agreement's restrictions. However, according to Mr. Masvidal, the termination of those restrictions was insufficient. Therefore, the Department, by this letter, confirms that its investigation of AEBI did not reveal any evidence that Mr. Masvidal had committed any criminal offenses or violated any banking regulations. The Department requests that this letter be added to the records of the Federal Reserve regarding AEBI so that those records will reflect that Mr. Masvidal was not criminally implicated in the Department's investigation that led to the DPA. The Department also requests that this letter be added to Mr. Masvidal's American Express personnel file. Finally, Mr. Masvidal may

Federal Reserve Bank of Atlanta  
American Express Company  
Page 3

provide this letter to any prospective employer or regulator who may have questions regarding his absence from the banking industry these past two years.

Sincerely,

  
~~Kenneth A. Blanco  
Deputy Assistant Attorney General~~

cc: Sergio J. Masvidal  
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Miami, Florida 33143

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1 Basinghall Ave.  
London, EC2V 5DD  
United Kingdom  
Attn: Peter Sands, Group Chief Executive