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## Credit Suisse Rebuked for Anti-Money-Laundering Failings

Swiss financial watchdog orders banking giant to strengthen its processes but doesn't impose any fines



Switzerland's financial watchdog ordered Credit Suisse to strengthen its controls and said it would appoint an independent third party to monitor implementation PHOTO: ARND WIEGMANN/REUTERS

By *Brian Blackstone and Pietro Lombardi*

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ZURICH— [Credit Suisse](#) [CS](#) -0.44% ▼ Group AG was ordered to bolster its anti-money-laundering processes by Switzerland's financial regulator on Monday, but avoided any financial penalties for its shortfalls.

The regulator, Finma, stopped short of imposing fines on the Swiss banking giant after uncovering shortfalls over nearly a decade through 2014 in the bank's dealings with South American oil companies and Swiss-based FIFA, the world's top governing body for soccer.

Investors shrugged off the rebuke, with Credit Suisse shares down just 0.3% in early afternoon trading in Europe.

Finma said in a statement that it "identified deficiencies in the bank's adherence to anti-money-laundering due diligence obligations in relation to suspected corruption" involving FIFA, Brazil's [Petróleo Brasileiro SA \(PBR\)](#) and Venezuela's [Petróleos de Venezuela SA](#).

Credit Suisse disclosed in 2015 that it had received inquiries from U.S. and Swiss government authorities regarding its [banking relationships](#) with FIFA-related individuals and entities.

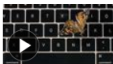




The Swiss watchdog ordered the bank to strengthen its controls and said it would appoint an independent third party to monitor implementation. Finma acknowledged "some substantial" improvements in Credit Suisse's money-laundering controls and its cooperation.

"We are grateful to Finma for its acknowledgment of the improvements that have been made to our compliance and control framework over the last few years and of the additional measures already planned by the bank," Credit Suisse said in a statement.

The findings are "part of an ongoing review of legacy cases across the Swiss banking sector," it added, noting that the cases originated between 2006 and 2014, which was before the arrival of Chief Executive Tidjane Thiam. "Finma has not imposed any fine on Credit Suisse, not ordered any disgorgement of profits nor any limitation of business activities," the bank said, adding that it has hired more than 800 compliance specialists in less than three years.



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Still, the Finma report underscores the challenge Swiss banks face to turn the page from past controversies. In July, Switzerland's largest bank, [UBS Group AG](#), was censured by the U.S. Office of the Comptroller of the Currency over "systemic deficiencies" in its [anti-money-laundering systems](#) at branches in New York, Connecticut and Florida.

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The findings from Finma come at a challenging time for Credit Suisse, which is nearing the end of a three-year strategic overhaul initiated by Mr. Thiam, who joined the bank in mid-2015. As part of the overhaul, the bank has turned its focus to managing wealthy clients' money while maintaining a streamlined investment bank.

Credit Suisse posted annual losses from 2015 to 2017, but is on track to [run a profit this year](#). Still, its share price is down about 18% so far this year.

Finma also said it found shortcomings in Credit Suisse's relations with a "politically exposed person," or PEP.

"Finma established that the bank had failed to adequately record, contain and monitor the risks arising over a number of years from the PEP business relationship and the responsible (and since criminally convicted) client relationship manager," the watchdog said.

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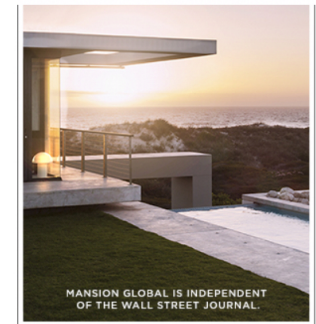
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