ed States sanctions against Cuba, the Federal Reserve said Monday.

The French financial services firm lacked transparency, risk management and legal compliance review policies and procedures to guarantee that its activities at offices outside of the U.S. complied with regulations from the Treasury Department's Office of Foreign Assets Control, the central bank claimed in an order requiring a civil money penalty.

Through investigations conducted by the Justice and Treasury Departments as well as the district attorney for the county of New York and the New York State Department of Financial Services, Societe Generale was found to have processed U.S. dollar fund transfers that did not include information necessary for U.S. banks to determine if the transactions were carried legally. The violations took place from at least 2007 to 2012.

Most of the violations all stem from a single revolving credit facility in Cuba, while the remaining violations involved other countries that have U.S. sanctions, including Iran, the bank said in a press release.

In all, the penalties from each of the agencies involved in the investigations and the Federal Reserve total $1.34 billion.

The Fed's order requires Societe Generale to institute an "enhanced program to ensure global compliance with U.S. sanctions," and prohibits the firm from rehiring or retaining the employees that were involved with the violations. The agency is also requiring SocGen to cooperate in all ongoing investigations into the case.

The bank also agreed to retain an independent consultant to evaluate its progress on an enhanced compliance program.

Societe Generale has already conducted a review of U.S. dollar transactions and has started to make changes to its Office of Foreign Assets Control compliance program, according to the agency's order.

"We acknowledge and regret the shortcomings that were identified in these settlements, and have cooperated with the U.S. Authorities to resolve these matters," Frederic Oudea, SocGen's CEO, said in a press release. "More broadly, these resolutions, following on the heels of the resolution of other investigations earlier this year, allow the bank to close a chapter on our most important historical disputes."

The bank also reached a separate agreement with the New York State Department of Financial Services to pay an additional $95 million fine related to its anti-money-laundering compliance program in its New York branch.

COMMUNITY BANKING

Advia Credit Union to buy small Illinois bank

By Palash Ghosh
November 19, 2018

Advia Credit Union in Parchment, Mich., has agreed to buy Golden Eagle Community Bank in Woodstock, Ill.

The transaction is expected to close in the second quarter. The price was not disclosed.

Golden Eagle, which opened in 2007, has $155 million in assets and 32 employees in the Illinois towns of Woodstock, Cary and Crystal Lake.

The $1.7 billion-asset Advia will serve more than 160,000 members and have 13 branches Illinois and southern Wisconsin, along with 19 locations in Michigan, when the deal closes.

"We are thrilled to have the opportunity to welcome the customers of Golden Eagle … as members of Advia," Cheryl DeBoer, the credit union's president and CEO, said in a press release. "We are growing our commercial-focused financial solutions, strengthening our local position in Illinois and Wisconsin, and have a well-rooted commitment to community involvement and volunteerism."

Advia as a "strong financial institution," Steven Finzel, Golden Eagle's president, CEO and chief financial officer, said in the press release. With its size and resources, he added, the credit union has the "proven ability to provide competitive and innovative products to our consumer and commercial clients."

Advia's net income for the first nine months of 2018 fell by 26% from a year earlier, to $6.9 million.

Michael Bell, a lawyer at Howard & Howard in Royal Oak, Mich., advised Advia.

"At this moment we are experiencing more deal flow between banks and credit unions than ever before," Bell said. "In context this is a powerful statement, since 2017 was the most active year to date."

This article originally appeared in Credit Union Journal.

BANKTHINK

CFPB's 'disclosure sandbox' puts consumers at risk

By Linda Jun
November 19, 2018

Paul Volcker, the former chairman of the Federal Reserve, once quipped that the ATM was "the only useful innovation in banking for the past 20 years." Today's regulators, especially ones taken with the new fintech industry, would do well to remember that new doesn't necessarily mean better for most people.

In the name of innovation, the Consumer Financial Protection Bureau now wants to exempt companies from the most basic rule of any functioning marketplace: transparency. The agency, created eight years ago to do what its name suggests, but now under the thumb of a Trump administration ideologue opposed to that mission, is concocting rules that would allow companies to muddy or dispense with basic consumer disclosures, hiding behind the banner of "innovation."

Volcker's 2009 zinger was a dark one. At the time, the country faced an economic catastrophe. The American economy was hemorrhaging jobs. Millions were waking up to find out that their homes were worth far less than they paid for them, that they faced foreclosure or that their retirement savings had vanished. What had caused this crisis? Consider the role of "financial innovation."

The engineering of mortgages into byzantine securities turbocharged the 2008 financial crisis. Regulators could have taken a firm stand against the fraud that was built into many of these business practices. They did not. They could have protected homeowners