United States Senate
WASHINGTON, DC 20510

February 5, 2020

Mr. Slawomir Krupa
Chief Executive Officer
Societe Generale North America
245 Park Avenue
New York, NY 101657

Dear Mr. Krupa:

We write to follow-up concerning the meeting we conducted with your legal counsel on April 9, 2019 concerning the litigation filed against Societe Generale ("SocGen") in the Stanford International Bank Receivership and related matters.

We noted, and were quite disappointed, that no members of the SocGen board or management team thought that the meeting was sufficiently important to attend. Nonetheless, please be assured that the absence of SocGen leadership, along with the unsatisfactory and disingenuous responses we received during the course of this meeting, will only encourage our offices to continue its zealous investigation of SocGen and other financial institutions that enabled Allen Stanford and his entities to defraud investors of nearly $7 billion.

Since the April 9, 2019 meeting, we conducted additional research concerning the veracity of the key representations made by your counsel at the meeting. The discussion of these matters is set forth below, and the results are not encouraging for SocGen.

Representation Concerning Dismissal of Class Action

Your counsel represented to us that the *Rotstain* class action had been "dismissed." This is simply wrong. The court simply did not approve certification of the class on the basis of different representations made to different persons who invested in the Stanford Ponzi scheme. Nonetheless, we understand that thousands of investors have sought to intervene in the *Rotstain* action to have their individual claims vindicated, and that these claims remain pending. We further understand that SocGen has opposed such intervention. There has been no determination in the U.S. courts concerning the merits of investor claims against SocGen, and any suggestion otherwise is inaccurate and disingenuous.

Representation Concerning Lack of Knowledge Of Stanford's Scheme

Your lawyers told our staff that "there is no evidence that the bank knew about or participated in the Stanford Ponzi scheme." They also told us that there is no "evidence that our 'know your customer' policies weren't being followed."

However, we have since learned that, not only does such evidence exist, but a court in Switzerland has concluded that SocGen failed to act in good faith in its dealings with Allen Stanford and the Stanford International Bank. The Swiss Financial Market Supervisory Authority concluded that SocGen breached its anti-money laundering duties in respect to the Stanford accounts. This decision was affirmed by the Federal Administrative Court in 2016. Among the highlights of this decision were:

- SocGen "incorrectly applied the criteria for identifying high-risk transactions."

- "By failing to classify its business relationships with the client banks as those of a correspondent bank, or to monitor them with the necessary care when it had a duty to identify increased risks, [SocGen] was in breach of its due diligence obligations."

- SocGen "was in possession of information [concerning Stanford] likely to be considered as indicators of misconduct and therefore should have sought to obtain additional clarification."

- SocGen "failed to classify Robert Allen Stanford – and also the companies he controlled – as [Politically Exposed Persons] due to the incorrect application of the law and its relevant directives. It also disregarded information that should have led it to suspect a criminal source of the funds it accepted. This business relationship was not seriously analyzed, either by the account manager in the first instance, or by the compliance departments who should have been monitoring procedures so as to ensure respect for due diligence obligations in this case."

- In response to SocGen's assertion that it only operated as a "wealth manager" bank, the Court concluded that "not only were the accounts used to manage the personal assets of the Stanford group's clientele that were deposited with [SocGen], bearing in mind the frequent payments between the various accounts belonging to the companies of the group that were identified as "inter-group transfers" . . . hence it cannot be concluded that [SocGen's] mandate was solely as a wealth manager to the exclusion of all other types of activity such as short-term investment. Consequently, the appellant was acting on behalf of its client members of the Stanford Group – at least in part – as a correspondent bank.

The inescapable conclusion is there was a complete failure of due diligence and monitoring of Stanford-affiliated accounts that SocGen was obligated to conduct. Your counsel stated there was no evidence that it knew about or participated in the Ponzi scheme. Not only does that appear to be a dubious proposition, but, more importantly, the determination of the Swiss court suggests that there are systemic problems with SocGen's anti-money laundering practices that warrant scrutiny by our offices and applicable regulatory authorities that we will be contacting.

We formally invite you to speak to us both, and our respective staff, directly to have a more productive conversation concerning these matters.

Sincerely,

John Kennedy
U.S. Senator

Bill Cassidy, M.D.
U.S. Senator