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Mitsubishi UFJ Must Improve Controls in U.S., Regulators Say

By David Scheer

Dec. 18 (Bloomberg) -- Mitsubishi UFJ Financial Group Inc., Japan's biggest bank by assets, reached an agreement with U.S. regulators to shore up monitoring at its New York offices to detect illicit fund transfers.

The New York branch of the company's Bank of Tokyo- Mitsubishi UFJ subsidiary must strengthen anti-money laundering programs and secrecy protections, according to settlements the company signed today with the Federal Reserve, the Federal Deposit Insurance Corp. and the New York State Banking Department.

Current practices appear to be "unsafe or unsound," two of the regulators said. The Tokyo-based bank neither admitted nor denied the allegations in reaching the settlements.

A New York-based attorney for the company didn't immediately return a call seeking comment.

The documents spell out a timeline for the bank to hire an independent consultant to review procedures and make recommendations in coming months. The bank must make periodic reports on its progress, submit to outside testing and better train its supervisors.

The agreements also call for a review of transactions at the branch since Jan. 1 of this year to determine whether suspicious account activities and transfers were detected and reported to regulators. Based on those findings, the bank may be subjected to a further review of transactions in 2005.

To contact the reporter on this story: David Scheer in Washington dscheer@bloomberg.net.

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