

Credit Suisse agrees to pay US\$536m for violating sanctions

IRAN
Associated Press in Washington

Credit Suisse Group has agreed to pay US\$536 million to settle a US Justice Department probe and admit to violating US economic sanctions by hiding the booming illegal business it was doing for Iranian banks.

The Justice Department announced the settlement on Wednesday, saying it was the biggest forfeiture ever against a company for violations of that type.

"Credit Suisse's decades-long scheme to flout the rules that govern our financial institutions robbed our system of the legitimacy that is fundamental to its success," Attorney General Eric Holder said at a news conference at department headquarters. "We cannot let this stand, and [the] settlement sends a strong message that we will not let it stand."

The US\$536 million that Credit Suisse is forfeiting will be split between the US government and the district attorney's office in Manhattan, New York, which also participated in the settlement talks with the bank along with the Federal Reserve and the Treasury Department.

The US officials said the government was continuing to investigate the handling of Iranian funds by big banks in the West. All payments made in US dollars must be processed through banks or bank offices in the US, subjecting the transactions to US laws even if the parties are abroad.

Altogether, about US\$1.6 billion in transactions flowing from Iran were involved, the officials said.

They said there was no evidence of any of the money going to missile-development programmes or terrorist organisations. But the Manhattan prosecutors said a handful of the entities involved subsequently made the US government's list of contributors to weapons proliferation, after the bank had decided to stop its sanctions-skirting business.

"If they're doing business with a country like Iran and hiding Iran in their transactions, they're running a tremendous risk that, either now or in the future, their transactions are going to link into something bad," said Adam Kaufmann, a Manhattan assistant district attorney.

Lanny Breuer, the assistant attorney general who heads the Justice Department's criminal division, said the government's action sent a message to banks that they should come forward to the authorities if misconduct was being committed - "before we come knocking on your door".

"I hope that other financial insti-

Stiff penalty
All payments made in US dollars must be processed through banks in the US, subjecting the transactions to US laws

Lloyds TSB Bank agreed this year to forfeit this much for helping customers skirt US sanctions on transactions with Sudan, Iran and Libya (in US dollars)

\$350m

tutions are watching and learning from Credit Suisse's experience," he said at the news conference.

Zurich-based Credit Suisse swiftly co-operated with the authorities, the US officials said, and therefore the Justice Department is recommending the termination of the enforcement action in two years if the bank complies with the settlement terms.

The bank, one of Switzerland's largest, has been under criminal investigation for years over business it did with countries subject to US economic sanctions. The settlement pa-

pers maintain that the bank had a long-running practice of helping Iranian banks evade the sanctions by hiding the identities of their Iranian customers in international money transactions.

"Credit Suisse's internal communications showed a continuous dialogue about evading US sanctions spanning approximately a decade," the government's papers say.

Lloyds TSB Bank agreed this year to forfeit US\$350 million for helping customers skirt US sanctions on business transactions with Sudan, Iran and Libya. The court papers filed on Wednesday say that when Lloyds decided in 2003 to stop doing such business, the Iranian banks moved their business over to Credit Suisse.

As a result, Credit Suisse quadrupled the annual number of Iranian transactions in US dollars between the years 2002 and 2005, from about 50,000 to about 200,000.

US authorities also said Credit Suisse handled a far smaller number of transactions involving other countries facing sanctions, including Libya, Sudan and Myanmar.

The bank began winding down its sanction-evading business in 2006, the government said.

The bank said in a statement: "Credit Suisse is committed to the highest standards of integrity and regulatory compliance in all its businesses and takes this matter extremely seriously."

The Manhattan prosecutors, at a separate news conference, said Credit Suisse stripped out references to Iran from electronic messages directing payments. Credit Suisse sometimes substituted abbreviations or the phrase "one of our customers" for Iranian clients' names, they said. The changes were designed to slip the payments past filters US banks use to block Iran-related transactions. The bank is said to have used such tactics from the 1990s through to 2006, processing more than US\$700 million in payments that violated US sanctions.



Majestic focus. Japanese Emperor Akihito and Empress Michiko look at photographs of themselves at a press exhibition yesterday in Tokyo.

Photo: AFP

Hatoyama aide to be indicted

JAPAN
Agence France-Presse in Tokyo

Japanese prosecutors had decided not to indict Prime Minister Yukio Hatoyama over the alleged misreporting of millions of dollars in political donations, reports said yesterday.

They planned to indict a former aide to Hatoyama but not the prime minister because of a lack of evidence he was involved in the accounting irregularities, the *Yomiuri* and *Nikkei* dailies reported.

Hatoyama said yesterday that he planned to submit a statement to the prosecutors investigating the allegations, but he had not decided when to do so.

He did not discuss the content of the statement, but both *Yomiuri* and *Nikkei* reported that he was set to deny any personal involvement in misreporting donations.

The prime minister, who took power three months ago, hails from a wealthy political family often dubbed "Japan's Kennedys" and has faced

accusations that his family wealth illegally helped bankroll his political activities. News reports have said the investigation has looked into whether Hatoyama's mother, an heiress to the Bridgestone tyre company, channelled funds into his political war chest partially to avoid inheritance tax.

The powerful Tokyo prosecutors, who routinely telegraph their actions through media leaks, started investigating before Hatoyama's landslide election win in August whether his aide misreported political funds.

The former secretary, who had not been named, was likely to be indicted next week for violating the law controlling political funds, reports said.

Hatoyama fired the aide in June, when he was still opposition leader, and admitted to sloppy accounting-keeping by his political fund-raising body, which had listed as donors dead people as well as people who denied giving money.

Yomiuri and *Asahi* said this week that the aide allegedly misreported about 350 million yen (HK\$30.3 million) in donations.

Poster of Joseph and Mary in bed angers Auckland Christians

NEW ZEALAND
Associated Press in Wellington

A billboard at a New Zealand church depicting a downcast Joseph lying beside Mary in bed and the caption "God is a hard act to follow" provoked more than the intended reconsideration of the meaning of Christmas.

The sign was defaced by a paint-wielding vandal just hours after it was erected yesterday outside Auckland's progressive Anglican church St Matthew in the City, and triggered passionate debate on talk radio and the internet.

Archdeacon Glynn Cardy said the billboard was intended to challenge stereotypes about the way Jesus was conceived and get people talking about the Christmas story.

"This billboard is trying to lampoon and ridicule the very literal idea that God is a male and somehow this male God impregnated Mary," said Cardy, who described his church as having very liberal ideas.

"We would question the Virgin Birth in any literal sense. We would

question the maleness of God in any literal sense," he said.

On the billboard, painted in the fresco style commonly used in church murals, Joseph is looking down glumly, while Mary gazes heavenward. Auckland Catholic Diocese spokeswoman Lyndsay Freer said the billboard implied the Virgin Mary and Joseph had just had sex, and was disrespectful and offensive.

"We would see a billboard like that being used by an anti-Christian group to actually poke fun at the divinity of Christ," Freer told National Radio.

Christ's conception was a profound theological question and the billboard would not "give rise to any intelligent discussion on the birth of Jesus", she said.

"This billboard and your 'sermon' is a sacrilege," someone identified as Karen posted on the church's website. Another, Andrew M, wrote: "This is an excellent billboard. Challenging and thought-provoking. Just what it was intended to be."

Cardy said he did not intend to take the billboard down.

All I Want for Christmas is a Bertolucci

Sponsored Feature

Forget about giving a gift for each day of Christmas. What the discerning woman about town would really love to receive is a glamorous present that expresses your love and appreciation for her. And there is nothing better than a jewelled timepiece or necklace from Bertolucci that encapsulates Italian inspiration and Swiss craftsmanship.

Bertolucci's dazzling stocking fillers

From the Bertolucci extensive collection of luxury watches and jewellery that embody creativity, curves, comfort and construction, some special models stand out as the perfect and most extravagant gifts for a very special Christmas stocking.



Casual chic from the SERENA GARBO Lady

For the urban lady who prefers a discreet but elegant, easy-to-wear watch, the SERENA GARBO Lady spells casual chic with its classic look updated with a highly contemporary style. The two new seasonal models of are sparkling choices for Christmas. The "Baby Doll" comes set with 180 full cut diamonds, a white mother-of-pearl dial with grey and pink printed "Baby Doll" décor, fuchsia alligator and calf leather strap.

A true jewel watch, the "Mosaico" enhances the sparkle of its 180 diamonds-set bezel with a white silvered opalin dial and unique grey and pink printed "Mosaico" décor set with 8 square Princess cut rubies. Complete with a white alligator and calf leather strap.

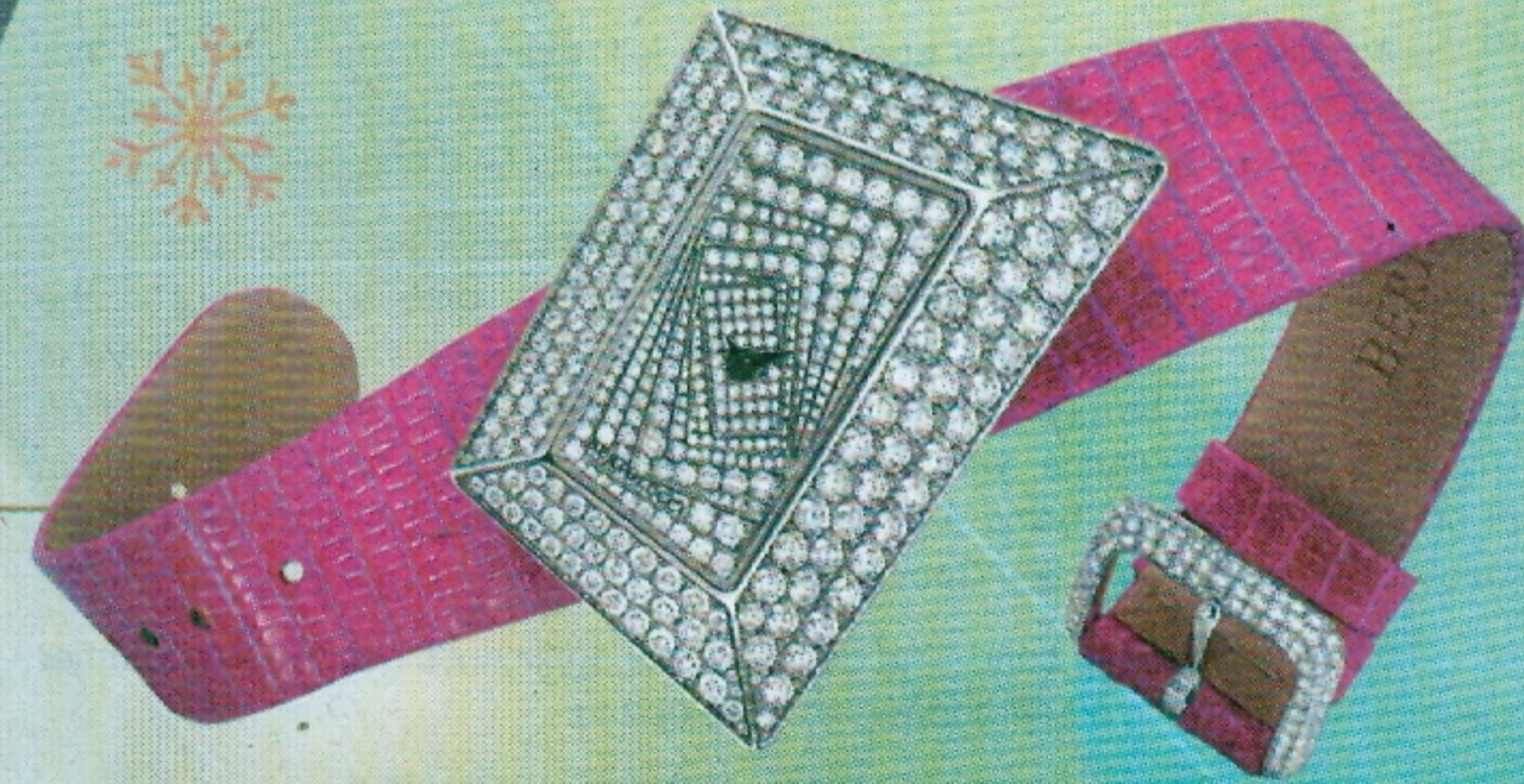


Subtle refinement from STRIA

A timeless treasure, STRIA is the perfect choice for the elegant woman in search of daily sophistication. The "Art Deco" is inspired by the 30s with an extravagant combination of apple green with rose gold and rubies. The "Arabesque", on the other hand, is adorned with nearly 30 diamonds to animate the sober elegance of white and the softness of mother-of-pearl. "Cosmic" and "Starry" conjure up the magic of fine Mediterranean nights, while "Flower", the latest model, marries the fashion trends of purple with a classical and feminine flowered motif.

True luxury from GIOCO

Another model from the Bertolucci Haute Couture Collection, the made-to-order limited edition GIOCO is destined for the most elegant and discerning woman. It celebrates the hypnotic beauty of women with an innovative and complex construction that gives life to a bezel made of six different elements, set one by one and assembled by hand on the dial in a totally new and daring architecture. The rose gold model is set with 177 diamonds totally almost 4 carats, while the white gold model is adorned with 527 full cut diamonds.



Dazzling sets from Bertolucci Jewellery Collection

If a jewelled timepiece is not what the lady wants, then some irresistible pieces from the Bertolucci Jewellery Collection could be the ultimate Christmas gift. Choose from an 18K white gold with sapphire necklace set with 451 full cut diamonds and three sapphires, a matching 18K white gold with sapphire ring set with 38 full cut diamonds, 20 baguette cut diamonds and 3 sapphires, and a pair of 18K white gold with sapphire earrings, set with 40 full cut diamonds, 40 baguette cut diamonds and 2 sapphires.

Alternatively, go for a festive 18K white gold necklace set with 1,200 diamonds and 139 multicolour precious stones and matching earrings set with 240 diamonds and 18 multicolour precious stones.



Sophistication and glamour from VOLTA

If the love of your life is an adventurer, give her the VOLTA from Bertolucci's Distinction line.

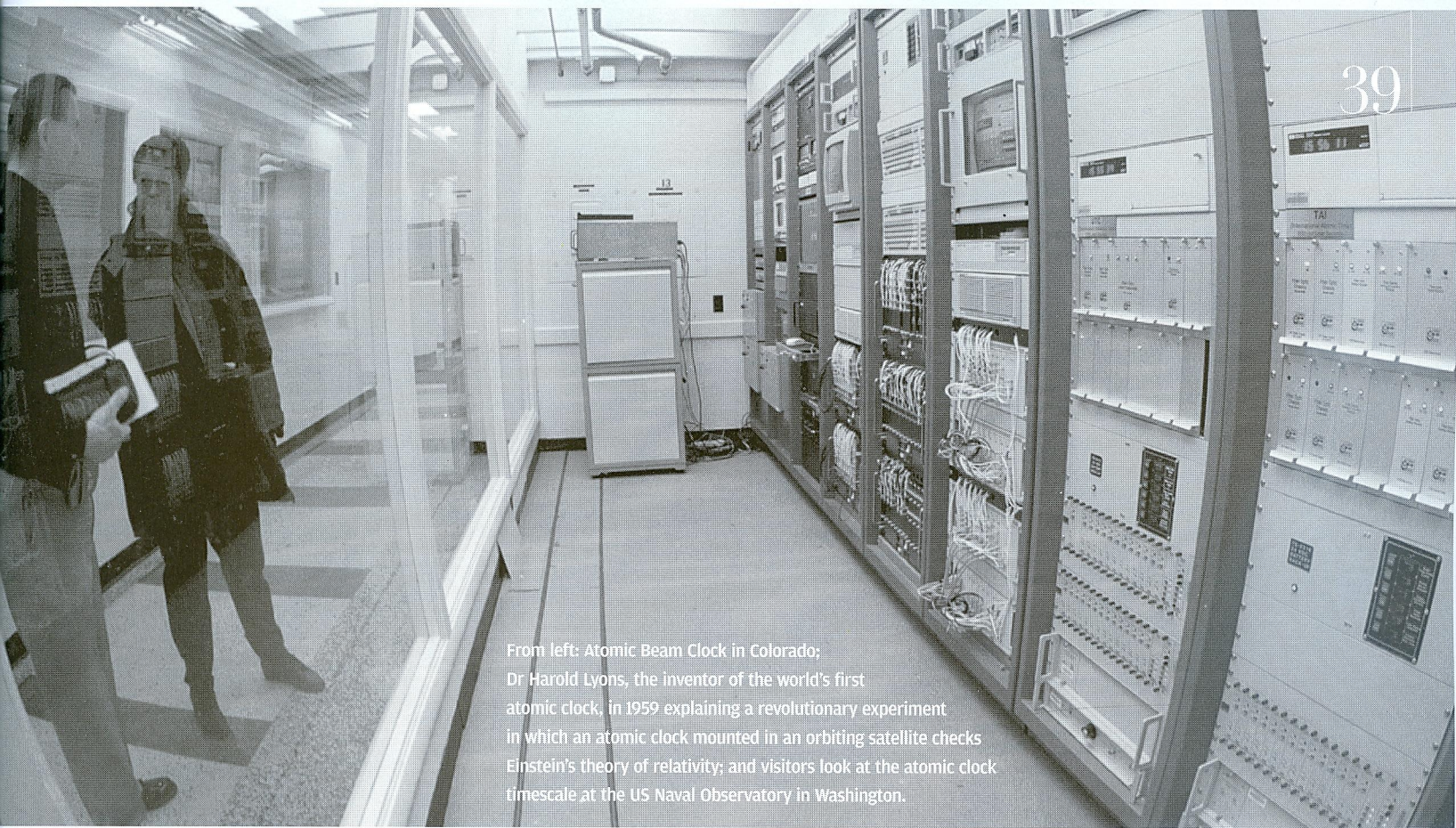
VOLTA evokes summertime in the Italian Riviera. In the newest model, the design is reminiscent of multicoloured corals revealed through the clear and light waters of the Mediterranean sea. The dial is paved with 92 diamonds and 140 pink coloured sapphires while the case and pin buckle are crafted in rose gold. A pink alligator strap completes the pretty in pink look. The watch is also water resistant to 30 metres and equipped with two different time zones displaying both the hours and the minutes.



Shop at Bertolucci's First Concept Store

There is no better place to select your Christmas present for your beloved than at the new Bertolucci concept store. Styled with subtle extravagance, the store comes with a private salon where customers can choose at leisure away from prying eyes.

Shop Address:
Shop 3A, 1/F, Manning House, 48 Queen's Road Central, Hong Kong
Enquiries: 2537 6313



From left: Atomic Beam Clock in Colorado; Dr Harold Lyons, the inventor of the world's first atomic clock, in 1959 explaining a revolutionary experiment in which an atomic clock mounted in an orbiting satellite checks Einstein's theory of relativity; and visitors look at the atomic clock timescale at the US Naval Observatory in Washington.

The complications don't end there. If these local clocks are going to be used to maintain a new international time standard, they will have to be kept in sync. With the accuracies now being achieved, this too starts to be a problem. Existing optical fibres are too noisy to transmit the signals reliably, leaving only satellite links. Even then, synchronising clocks at, say, NIST and a lab in Europe to an accuracy of one second in many trillions will be no easy task. It would require averaging the signal's pulse over an unfeasibly long time. "Extrapolated optimistically, it would take the entire scientific lifetime of the clock-maker," says Diddams.

There is an even more profound problem facing the world's timekeepers. It has to do with the nature of time itself – in particular as described by Albert Einstein's general theory of relativity. This theory shakes together matter, space and time to generate our best idea of how gravity works. One of its predictions is that a clock will tick faster by one second in 1018 for every centimetre it is raised in earth's gravitational field. GPS already takes into account such effects, which (assuming you spend most of your life upright) cause your scalp to age a few nanoseconds a year more than the soles of your feet.

Mind-boggling as such effects are, they are apparently not detrimental to our well-being. For optical clocks, they could be. To tell the time consistently, all clocks need to be at a

known height relative to earth's *geoid*, an imaginary surface that links points at which the gravitational field has the same strength. But the height of this geoid varies over time at any given place by up to 20cm, because of effects such as tectonic movements, glacial melting and changes in ocean levels, and varying atmospheric pressure. Changes of that magnitude could wreak havoc with any attempt to establish a global time standard at an accuracy of one part in 1018 or better.

Dan Kleppner of the Massachusetts Institute of Technology has spent a career pioneering techniques to manipulate the ultracold atoms that power optical clocks. He thinks the fact that we can no longer neglect gravity's effect on them could have profound consequences. "It will make us think harder about what we mean by time," he says. No longer can we think lazily of time as a constantly flowing, uniform background entity. Optical clocks confront us with difficult realities of general relativity. In your home, time is not the same upstairs as downstairs. If you had one of the future ultra-precise atomic-synchronised clocks in your home, the time would be different according to how far up the wall it was.

That is a world away from how most of us – even the time-masters themselves – still deal with time. But when Gill offers to run me back to the train station I get into his car, and glance at the dashboard clock. It's 15 minutes fast. **S**



Classic Automatic by David Yurman
HK\$25,400



Chronomat by Breitling
HK\$70,700



Art Deco by Breguet
HK\$136,600



Altiplano by Piaget
HK\$110,000



Giro by Bertolucci
HK\$179,000



Portuguese Tourbillon in rose gold by IWC HK\$1.07 million