

# Documentary Credit

# WORLD

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■ *CRÉDIT AGRICOLE v. PPT ENERGY*

The first judgment of the Singapore International Commercial Court that focused on a letter of credit dispute, *Crédit Agricole Bank, Singapore Branch v. PPT Energy Trading Co.* is one of the seminal LC cases of the pandemic era. In his meticulous summary of this lengthy decision, DCW Case Editor Matthew J. Kozakowski lays out the case facts which centered on an LC backing purchase of oil that was, unbeknownst to the LC issuer, subject to a complex chain of “round-tripping” contracts tainted by fraud. The case also crucially involved LC provisions for presentation of a letter of indemnity if original B/Ls were unavailable. Kozakowski then reviews the Judge’s analysis of issues regarding the fraud exception, fraud claims and evidence, the LC, warranties, and indemnity. Banks that rely on letters of indemnity may wish to consider the protections and enforceability they expect of LOIs in view of this decision.

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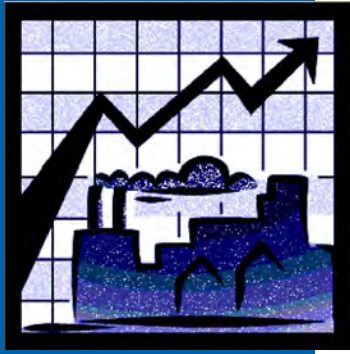
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# UPDATES

## **SWIFT Disconnects Designated Russian, Belarusian Entities from Network**

In compliance with applicable sanctions laws and conforming to legal instructions issued by the European Union, SWIFT disconnected selected banks from its financial messaging services in March 2022.

Based on EU Council Regulation (EU) 2022/345 of 1 March 2022, SWIFT disconnected seven designated Russian entities (and their designated Russia-based subsidiaries) from the SWIFT network on 12 March 2022: Bank Otkritie; Novikombank; Promsvyazbank; Bank Rossiya; Sovcombank; VNESHECONOMBANK (VEB); and VTB BANK.

Based on EU Council Regulation (EU) 2022/398 of 9 March 2022, SWIFT disconnected three Belarusian entities (and their designated Belarus-based subsidiaries) from its network on 20 March 2022: Belagroprombank; Bank Dabrabyt; and Development Bank of the Republic of Belarus.

## **FinCEN Alerts of Possible Russian Sanctions Evasion Tries**

US Treasury's Financial Crimes Enforcement Network (FinCEN) issued an Alert on 7 March 2022, advising financial institutions (FIs) to be vigilant against efforts to evade sanctions and other US-imposed restrictions implemented "in connection with the Russian Federation's further invasion of Ukraine", including economic pressure measures applied against Russia and Belarus.

The [FinCEN 2022-Alert 001](#) draws attention to 13 "select red flag indicators" to assist FIs in identifying potential sanctions evasion activity and remind them of their Bank Secrecy Act (BSA) reporting obligations, including with respect to convertible virtual currency (CVC). For SAR Filings in this regard, FinCEN instructs financial institutions to "reference this Alert by including the key term 'FIN-2022-RUSSIASANCTIONS' in SAR field 2 (Filing Institution Note to FinCEN) and the narrative to indicate a connection between the suspicious activity being reported and the activities highlighted in this alert."

In its release of this Alert, FinCEN stated that "sanctions evasion may occur through various means, including through currently unsanctioned Russian and Belarusian banks or other financial institutions that retain at least some access to the international financial system."





# 2022 ONLINE ANNUAL LC SURVEY | WEST

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For over 30 years the Annual Survey has been an IIBLP flagship event aimed at bringing together trade finance professionals for discussions ranging from operational issues in commercial credits and standbys to landmark court cases setting precedents for the industry. Join us online this may for the US/ EU edition.

Preliminary topics will include:

- Key LC court cases shaking up practice
- A current state of affairs for global standby and commercial LC issuance
- Updates and latest news in trade
- Signatures vs. Authentication - the conversation continued
- Trade tech update: ripe or hype?
- All things Standbys
- Commercial Corner
- and much more

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**LC Use in Commercial Real Estate Lease Transactions**

Most issuers of, and beneficiaries under, letters of credit are familiar with the impact a tenant bankruptcy has on the continued effectiveness of draws under the LC. Assuming a “direct draw” letter of credit that does not require prior notice to the applicant, the beneficiary is entitled to draw on the LC because of the independent obligation of the issuer to honor credit-complying draws. The proceeds in the hands of the beneficiary are generally deemed funds held to satisfy “lease termination damages” and if the precipitating cause of the draw is triggered, or is proximately followed, by the applicant/tenant’s bankruptcy, the funds are subject to a claims cap under Section 502(b)(6) of the United States Bankruptcy Code.

Recently, landlords in larger, single tenant building leases (for instance, large, full building tech leases) have begun to consider requiring tenants to obtain two letters of credit – one LC that the landlord can rely on as credit support for lease termination damages and a second LC for what is referred to as “collateral damages,” the proceeds from which are not subject to the claims cap. Motivation for this derives from a 2016 decision of the United States Court of Appeals for the Ninth Circuit, *Kupfer v. Salma* (852 F.3d 853), where the court did a deep dive into the lease termination damages subject and came up with a simple test for collateral damages: “assuming all other conditions remain constant, would the landlord have the same claim against the tenant if the tenant were to assume the lease rather than rejecting it”? The practice of multiple letters of credit avoids the problems of having to draw on an LC issued for an amount greater than the bankruptcy claims cap and fighting with the bankruptcy trustee over those proceeds, while preserving an entirely separate LC to secure “collateral damages.” This court’s analysis has been followed by federal courts in other parts of the US.

Examples of “non-lease termination damages” that have been held to be collateral include: acts of nuisance or waste by a tenant; failure of a tenant to complete and pay for tenant improvements in building out space; legal fees and costs recoverable by a landlord; and reduced to judgment pre-bankruptcy which the landlord is entitled to recover under a lease.

LC issuers should be attuned to this practice in commercial real estate to require that letters of credit be governed by the International Standby Practices (ISP98).

— Manuel FISHMAN  
 Buchalter law firm, San Francisco

**European Banks Boost Support of “Top-Tier” Commodity Traders**

**R**esearch conducted by Fitch Ratings suggests that European banks appear to be increasing lending to commodity trading firms facing extraordinary liquidity needs due to fierce commodity price volatility.

“We expect the banks to continue to fund the firms’ margin calls because the liquidity pressure, although serious, should be temporary, and commodity traders are a good source of profit for the banks in normal times”, said Fitch Ratings in a 29 March 2022 release. “Much of the lending is to top-tier firms that have sound business models and operate with large liquidity buffers and diverse financing pools, which mitigates the risks to the banks.”

As pointed out by Fitch Ratings, banks are typically exposed to commodity traders through syndicated credit facilities, project finance lending, letters of credit and derivatives. In recent years, some banks have exited the commodity financing business entirely while others have significantly reduced their trade and commodity financing offerings. Most of the big European banks active have shifted their focus to large, top-tier commodity traders.

Bloomberg data cited by Fitch Ratings identified ING, Societe Generale, Rabobank, Credit Agricole, Groupe BPCE, and UBS as the main European banks appearing most frequently as lenders in syndicated facilities to large trading firms Trafigura, Glencore, Gunvor, Vitol, and Mercuria Energy in mid-March 2022. “This does not necessarily reflect the size of the banks’ exposures, but it indicates their involvement in commodity trading.”, said Fitch Ratings.

### **Majority of Jets Leased to Russia Unrecovered**

**F**oreign leasing companies which have supplied Russia’s airline industry with more than half of its 980 aircraft fleet recovered “only a fraction” of the jets involved prior to 28 March 2022 when ties were severed with Russian carriers under Western sanctions imposed over Russia’s invasion of Ukraine.

According Reuters’ reporting of details from aviation data firm Cirium, 515 aircraft of Russia’s fleet were leased from foreign firms, about 400 of which were most immediately at risk from the crisis. Of those, industry executives say few have been returned.

Domhnal Slattery, chief executive of Dublin-based Avolon, the world’s second-largest leasing firm, told Reuters that Avolon managed to recover four aircraft while ten other aircraft remain blocked in Russia. After deducting the value of four jets that have been recovered, as well as security and letters of credit that have been drawn down, Slattery told Reuters that the firm’s net exposure is below USD 200 million.

“From an Avolon perspective it is not material; from a sector perspective it is a problem, unquestionably”, said Slattery, who added, “[i]n terms of future appetite in a post-war scenario for further business in Russia, I think all players in our sector will think long and hard about the risks of that jurisdiction and the appetite for going back in”.

### **Use of Performance Bonds Increasing in Tanzania**

**A** report by Clyde & Co Partner Tenda Msinjili and Associate Amreen Ayub suggests that use of performance bonds in Tanzania is on the rise. In the East African country, performance bonds are being frequently used in public-private partnerships (PPPs) where a government agency or authority as beneficiary seeks expertise from a supplier from the private sector.

Regulation 29 (4) of Tanzania’s Public Procurement Regulations (GN No. 446 of 2013) provides that performance bonds may be issued in a variety of forms, including via “irrevocable letter of credit issued by a reputable commercial bank, or a confirmation letter from a reputable commercial bank in case an irrevocable letter of credit is issued by a foreign bank” or “bank guarantee confirmed by a reputable local bank or bonded by a foreign bank in case the successful tenderer is a foreigner”. A performance bond can also be a “surety bond called on demand issued by any reputable surety or insurance company.”

Following the lead of various law cases from England which have determined that a guarantor must honor a performance guarantee according to its terms and pay on demand without requiring proof of actual default by the supplier, the Tanzanian case of *Tanchi Brothers Construction Company Limited versus Amana Bank Limited* (Miscellaneous Commercial Cause No. 28 of 2020), maintained this stance. The Tanzanian court further provided that “a bank will be restrained from performing its obligations under an unconditional bank guarantee where there is proof of fraud of which the bank has notice”.

Msinjili and Ayub added that a guarantor may also be excused from paying the security amount stipulated in a performance bond where “the Supplier carries out an act which is inconsistent with the rights of the Guarantor or omits to do an act which it is bound to do.”

On formulation of performance bond terms, Msinjili and Ayub advise that terms “be framed to protect not only the Beneficiary in case of default of the Supplier but also the Guarantor to ensure full indemnification for amount rightfully paid in accordance with the terms of the Performance Bond.”

Asked by DCW if it is common for performance bonds issued by Tanzanian banks in the form of a bank guarantee to be issued subject to ICC practice rules such as URDG758, Ayub stated so but added that “application of the Rules is limited to matters upon which the parties to a contract are free to agree upon. This means that the Rules only apply in respect of the terms that are not specifically provided under Tanzanian law i.e. the Law of Contract Act, Cap 345 R.E. 2019.”

Where a performance bond is to function as an independent undertaking, Ayub indicated it is advisable that the terms of performance bond provide that it is subject to ICC practice rules. “The Rules are a voluntary instrument which lack the force of law and therefore, the contract must expressly provide for the application of the Rules for them to apply”, said Ayub.

### **FATF Updates Its Listing of Jurisdictions Under Increased Monitoring**

**T**he Financial Action Task Force (FATF) identified 23 jurisdictions under increased monitoring in October 2021 which are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing.

In the intervening months until March 2022, 17 of these 23 jurisdictions – Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Jamaica, Malta, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Uganda, and Zimbabwe – had their progress reviewed by FATF, resulting in Zimbabwe being designated as a jurisdiction no longer subject to increased monitoring due to its “significant progress in improving its AML/CFT regime”. Four other countries – Haiti, Jordan, Mali, and Turkey – were given the opportunity to have their progress review by FATF and chose to defer reporting. In the cases of Syria and Yemen, FATF was unable to conduct on-site visits to confirm process in implementation of their respective action plans.

Following review during this period, FATF added the United Arab Emirates to its March 2022 list of jurisdictions with strategic deficiencies. In its statement regarding UAE, FATF noted that in



February 2022 UAE “made a high-level political commitment to work with the FATF and [FATF’s MENA regional body] to strengthen the effectiveness of its AML/CFT regime” and that the UAE will work towards implementing its FATF action plan.

As of October 2021, two countries – Iran and the Democratic People’s Republic of Korea – remain designated by FATF as high-risk jurisdictions subject to a call for action.

### **Trade Lens’ eBL Solution to be Integrated into Bolero’s Galileo Platform**

**T**rade finance digitisation solutions provider Bolero International announced 29 March 2022 its collaboration with blockchain-based global trade platform TradeLens whereby TradeLens’ electronic bill of lading (eBL) will be integrated into Bolero’s Galileo, connecting the two platforms’ respective networks of banks, corporates, and supply chain participants.

Galileo connects corporate clients with their trade partners and banks, enabling corporates to manage their trade finance instruments, ePresentations under LCs, open account, and electronic bills of lading in one central solution. The TradeLens eBL solution simplifies the issuance, transfer, and surrender of original shipping document to allow for the digitisation and automation of supply chain and financial processes.

### **International Updates**

**BANGLADESH:** Eastern Bank Ltd. has announced its partnership with Visa Worldwide Pte. Ltd. to offer trustee services towards domestic settlement obligations which will provide Visa clients the option to ensure security in the form of Bangladeshi Taka (BDT) cash collateral against domestic transactions. Previously, such collateral was provided by USD-denominated standby LC issued by international banks in favor of Visa.

**EGYPT:** One of the world’s largest importers of wheat, Egypt is facing substantially higher costs for the product for which Russia and Ukraine have been its primary suppliers. Bankers also have reported that shortages of dollars have led to blockages at Egyptian ports due to importers’ inability to secure needed foreign currency for LCs to gain clearance of goods.

**SINGAPORE:** Two years after news of the Hin Leong Trading debacle surfaced and fraud in the commodity trading sector came to light, repercussions are still being felt and unfolding. Of the spate of cases relating to oil trade, many are still awaiting hearings. In other legal developments in Singapore, a beneficiary sued an issuing bank for not paying because of a sanction. On first hearing, the bank won but the beneficiary is now appealing to the higher court.

**SRI LANKA:** According Reuters reporting, a Sri Lankan government official has affirmed that the country has purchased two cargoes of 60,000 tonnes of coal each from the Singapore unit of Russian coal trader SUEK AG and will pay in US dollars (about USD 17 million). The coal shipments will be the first from Russia to Sri Lanka since Russia’s invasion of Ukraine on 24 Feb. “A letter of credit (LC) backed by the central bank has been opened. At the maturity, payment will be made by the treasury,” the official said. ■



## DOMESTIC CORRESPONDENT REPORT: EGYPT

### New Importation Process

Within the framework prescribed by Egypt's Council of Ministers on governance of the importation process and activation of a pre-registration system for shipments which became mandatory on 1 March 2022, the Central Bank of Egypt (CBE) has stopped dealing with documentary collections backing import operations and instead mandate use of documentary credits only as of this date. Exceptions exist for branches of foreign companies and their subsidiaries and banks are permitted to accept documentary collections related to goods already shipped prior to this decision.



To mitigate adverse effects of its decision, CBE launched an initiative in mid-February to guarantee the import operations of banks to cover risks associated with documentary credits issued by Egyptian banks as of 22 February 2022 and going forward. The initiative was directed at bank customers with previous dealings for imports through documentary collections only and from an existing bank relationship.

The credit risk guarantee company guarantees a bank's portfolio under the initiative for 100% of the unsecured portion of those documentary credits and banks are exempt from paying the guarantee risk commission for six months from the date of activation of the initiative. The credit risk guarantee company will keep banks informed of the specifics and framework of the initiative.

On the other hand, CBE stressed the importance of a bank's commitment to provide the credit risk assurance company with the necessary data on its portfolio on a weekly basis and requirements to be shared by the company. Moreover, CBE made some exceptions to its decision by exempting certain items from application of its importation decision. Exceptions include:

- Shipments received by courier;
- Shipments valued at less than USD 5,000 (or equivalent in other currencies);
- Medicines/serums, and their related chemicals; specified foods (tea, meat, poultry, fish, wheat, oil, powdered milk, baby milk, beans, lentils, butter, corn).

In addition, other procedures in place to support the importation of goods via documentary credits aim to:

Increase existing credit limits for customers and open credit limits to new customers in proportion to the import volume of each customer; and

Reduce all documentary credit commissions by all banks to be the same as documentary collections commissions.

— Amr KAMAL  
Consultant and Arbitrator  
Guarantee & Standby Consulting Global Limited  
Egypt



# GOVERNMENT REPORT

## RUSSIAN HARMFUL FOREIGN ACTIVITIES SANCTIONS

**U.S. Department of the Treasury  
Office of Foreign Assets Control (OFAC)**

### **Frequently Asked Questions**

*[Note: The following recently posted FAQs reference letters of credit.]*

**973. I am a U.S. individual or company that maintains an account at a foreign financial institution sanctioned pursuant to Executive Order (E.O.) 14024. What are my obligations?**

With respect to foreign financial institutions subject to the prohibitions of Directive 2 under E.O. 14024, “Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions” (Russia-related CAPTA Directive), including Public Joint Stock Company Sberbank of Russia, obligations under this directive apply to U.S. financial institutions only. U.S. individuals and companies that are not “U.S. financial institutions,” as defined in the Russia-related CAPTA Directive, are not prohibited from processing transactions involving foreign financial institutions subject to the Russia-related CAPTA Directive.

With respect to the Russian financial institutions blocked on February 22 and 24, 2022 pursuant to E.O. 14024, General Licenses (GLs) 3 and 11 authorize U.S. persons to engage in transactions ordinarily incident and necessary to terminate their relationship with specified blocked Russian financial institutions, including withdrawing funds and securities, cancelling letters of credit, and amending or cancelling performance guarantees. For additional information, please see FAQ 975. Upon the respective expiration of GLs 3 and 11, U.S. persons are prohibited from transacting with the blocked Russian financial institutions, unless exempt or authorized by OFAC.

February 24, 2022

**986. What constitutes debt or equity for purposes of Directive 3 under Executive Order (E.O.) 14024, “Prohibitions Related to New Debt and Equity of Certain Russia-related Entities” (Russia-related Entities Directive)?**

The term “debt” includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers acceptances, discount notes or bills, or commercial paper.

The term “equity” includes stocks, share issuances, depository receipts, or any other evidence of title or ownership.

February 24, 2022

**1019. For the purposes of Executive Order (E.O.) of March 8, 2022, “Prohibiting Certain Imports and New Investments With Respect to Continued Russian Federation Efforts to Undermine the Sovereignty and Territorial Integrity of Ukraine,” what is meant by the terms “Russian Federation origin” and “new investment in the energy sector in the Russian Federation”?**

For the purposes of E.O. of March 8, 2022, the Office of Foreign Assets Control anticipates publishing regulations defining these terms to include the following:

- *“Russian Federation origin”* — goods produced, manufactured, extracted, or processed in the Russian Federation, excluding any Russian Federation origin good that has been incorporated or substantially transformed into a foreign-made product.
- *“new investment in the energy sector in the Russian Federation”* — a transaction that constitutes a commitment or contribution of funds or other assets for, or a loan or other extension of credit to, new energy sector activities (not including maintenance or repair) located or occurring in the Russian Federation beginning on or after March 8, 2022.

For purposes of this interpretation, a loan or extension of credit is any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit, including: overdrafts, currency swaps, purchases of debt securities, purchases of a loan made by another person, sales of financial assets subject to an agreement to repurchase, renewals or refinancings whereby funds or credits are transferred or extended to a borrower or recipient described in the provision, the issuance of standby letters of credit, and drawdowns on existing lines of credit.

For the purposes of this interpretation, the energy sector includes the procurement, exploration, extraction, drilling, mining, harvesting, production, refinement, liquefaction, gasification, regasification, conversion, enrichment, fabrication, or transport of petroleum, natural gas, liquified natural gas, natural gas liquids, or petroleum products or other products capable of producing energy, such as coal or wood or agricultural products used to manufacture biofuels, the development, production, generation, transmission or exchange of power, through any means, including nuclear, electrical, thermal, and renewable.

March 8, 2022



# LITIGATION DIGEST

**Viele v. Williams**  
**No. CV-20-165, 2021 Ark. App. 231**  
**(Ct. App. May 12, 2021) [USA]**

**Topics:** Breach of Contract; Displacement; UCC Rev. Art. 5-115 (Statute of Limitations); Wrongful Honor

**Note:** To receive a bail-bonds license in accordance with Arkansas law for their firm, Beth's Bail Bonds (Bondsman/Applicant), David and Beth Viele (collectively, Plaintiffs/Borrowers) applied for and obtained a USD 100,000 letter of credit issued by Centennial Bank (Issuer) in favor of the Arkansas Professional Bail Bondsman Licensing Board (Board/Beneficiary).

Plaintiffs/Borrowers had previously executed a USD 100,000 promissory note with Issuer which was secured by a USD 100,000 certificate of deposit held by Issuer in the name of the Helen E. Viele Irrevocable Trust (The Trust). There was some evidence that Plaintiffs/Borrowers had executed an "Assignment of Deposit Account" with Issuer, granting Issuer a security interest in the certificate of deposit.

In February 2014, the executive director of Board/Beneficiary approached Issuer to demand the full value of the letter of credit. Issuer honored and turned to the certificate of deposit to reimburse itself. Plaintiffs/Borrowers claimed that Board/Beneficiary had falsely represented to Issuer that it held a "court order" granting it the "authorization" to demand payment for USD 100,000. Subsequently, in August 2015, Plaintiffs/Borrowers sued Board/Beneficiary, its executive director, Issuer and two employees of Issuer (Appellees) in the United States District Court for the Eastern District of Arkansas. The opinion notes that in July 2016 "the suit's federal claims were dismissed without prejudice, and the state claims were dismissed with prejudice."

In May 2017, Plaintiffs/Borrowers reinitiated the suit in Arkansas Circuit Court against Board/Beneficiary, Issuer and Appellees, alleging claims of breach of contract, civil conspiracy, conversion and negligence (couched as breach of fiduciary duty). Board/Beneficiary succeeded in its motion for summary judgment and was dismissed from the case. Following a May 2018 amended complaint, Issuer and Appellees moved for summary judgment. Without making specific findings, the trial court granted summary judgment in favor of Issuer and Appellees and dismissed



Plaintiffs/Borrowers' suit with prejudice. Plaintiffs/Borrowers appealed. The Court of Appeals of Arkansas, Fox, Barrett and Hixson, JJ., affirmed.

Issuer and Appellees argued that the lawsuit was barred by the Arkansas adoption of Uniform Commercial Code (UCC) Rev. Section 5-115 (Statute of Limitations) as the complaint was filed after the one-year limitations period provided for "any action under a letter of credit". The alleged harm occurred in February 2014 and Plaintiffs/Borrowers' state suit was filed in May 2017. Plaintiffs/Borrowers countered that their suit was timely pursuant to the one-year Arkansas savings statute as their federal claims had been dismissed in July 2016 and the instant complaint was filed in May 2017. Plaintiffs/Borrowers also argued that their negligence claim was "not entirely centered on the letter of credit" but on the certificate of deposit and actions of Issuer and Appellees. Accordingly, the claim should survive summary judgment under the three-year limitations period for negligence under Arkansas law. Additionally, Plaintiffs/Borrowers argued that their breach of contract claim for which Arkansas provides a five-year limitations period should also survive. The appellate court disagreed.

After citing UCC Rev. Section 5-115 and its Official Comment 2, the appellate court noted that:

"Regardless of how [Plaintiffs/Borrowers] couch their claims, their alleged causes of action result from their belief that [A]ppellees erred by recognizing the terms of [Plaintiffs/Borrowers'] letter of credit and that [A]ppellees were wrong to have tendered the [USD]100,000 that was represented on the face of the letter of credit to the Board [Beneficiary]." The appellate court noted that the complaint was "wholly predicated" on the claim that Issuer had wrongfully honored the presentation under the letter of credit by Board/Beneficiary. As the alleged harm occurred in February 2014, the filing deadline was February 2015. Plaintiffs/Borrowers initiated their lawsuit in August 2015 in federal court. The appellate court concluded that "this court lost jurisdiction to hear this matter on February 4, 2015, the savings statute does not save their claim, and [Plaintiffs/Borrowers] never filed a claim within the prescribed period pertaining to a letter of credit." ■

[MJK]

## CRÉDIT AGRICOLE CORP. & INV. BANK, SINGAPORE BRANCH v. PPT ENERGY TRADING CO.

[2022] SGHC(I) 1 [Singapore]

by Matthew J. KOZAKOWSKI\*

**Topics:** Autonomy (Independence); Bills of Lading; Commercial LC; Fraud; Letter of Indemnity; Preclusion; “Round-Tripping” Contracts; UCP600 Article 14(a), (b) (Standard for Examination of Documents); UCP600 Article 15 (Complying Presentation); UCP600 Article 16(c), (d), (f) (Discrepant Documents, Waiver and Notice); Warranties

**Type of Lawsuit:** Issuer sought declarations that its dishonour was proper due to Seller/Beneficiary fraud or, alternatively, that Seller/Beneficiary breached LOI warranties rendering it liable to Issuer for an amount equivalent to the LC sum; Seller/Beneficiary sought a declaration that Issuer wrongfully dishonoured.



**Parties:** Plaintiff/Counter Defendant/Issuer –  
Crédit Agricole Corporate & Investment Bank, Singapore Branch  
(Counsel: Sara Masters QC (instructed), Nair Suresh Sukumaran, Tan Tse Hsien, Bryan (Chen Shixian), Bhatt Chantik Jayesh and Sylvia Lem Jia Li (PK Wong & Nair LLC))

Defendant/Counter Plaintiff/Seller/Beneficiary – PPT Energy Trading Co.  
(Counsel: Michael Collett QC (instructed), Giam Chin Toon SC, Lee Wei Yuen Arvin (Li Weiyun), Lyssetta Teo Li Lin, Tay Ting Xun Leon and Wan Hui Ting, Monique (Wen Huiting) (Wee Swee Teow LLP))

Applicant/Alleged Fraudster – Zenrock Commodities Trading Pte. Ltd.

Presenting Bank – Bank of China

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## **Underlying**

**Transaction:** Purchase and planned on-sale of Djeno crude oil.

**LC:** LC issued subject to UCP600 for approximately USD 23.6 million.

**Decision:** The Singapore International Commercial Court, Cooke, J., denied each declaration sought by Issuer, ruled in favour of Seller/Beneficiary and reserved judgment regarding interest, fees and costs, pending further hearing and submissions.

**Rationale:** (1) Absent presentation of fraudulent or forged documents, dishonour of complying documents improper where Issuer fails to show beneficiary acted dishonestly in its presentation, i.e. (a) with knowledge that statements therein are false, (b) without belief that what is stated is true, or (c) acted alongside applicant to defraud issuer; (2) beneficiary who acts recklessly in its inquiry of underlying commercial realities represented by documents but makes presentation with belief that what is stated is true, insufficient to justify dishonour; (3) LOI warranties and indemnity unenforceable absent full payment by underlying contractual due date.

## **Factual Summary:**

To secure its purchase of 920,000 (+/- 5%) barrels of Djeno crude oil, Zenrock Commodities Trading Pte. Ltd. (Applicant/Alleged Fraudster) applied for and caused Crédit Agricole Corporate & Investment Bank, Singapore Branch (Issuer) to issue a UCP600 letter of credit in favour of PPT Energy Trading Co. (Seller/Beneficiary). Issuer held a “registered floating charge over goods purchased by” Applicant/Alleged Fraudster; additionally, as Applicant/Alleged Fraudster claimed it would on-sell the crude oil to Total Oil Trading S.A. (TOTSA), Issuer received a signed acceptance from TOTSA for an assignment of the proceeds due under the on-sale contract. Among other terms, the LC required presentation of the original bills of lading. In the event that original B/Ls were unavailable, the LC provided for an alternate presentation of a signed invoice and signed letter of indemnity (LOI). The LOI text provided in the Judgment is reprinted below.

Unknown to Issuer when preparing the LC, Applicant/Alleged Fraudster had been engaged in “round-tripping” contracts regarding the crude oil. The oil had originally been purchased by Applicant/Alleged Fraudster from SOCAR Trading S.A. (SOCAR), then on-sold to Shandong Energy International (Singapore) Pte Ltd. (Shandong), which in turn sold the oil to Seller/Beneficiary. To secure the LC, Applicant/Alleged Fraudster had presented Issuer with a copy of the purchase contract between itself and Seller/Beneficiary as well as a purported copy of the on-sale contract between itself and TOTSA.<sup>1</sup> As Issuer would later discover, however, the on-sale contract it received to support LC issuance did not reflect the underlying realities of the transaction. The LC value reflected the genuine purchase price of the sales contract between Applicant/Alleged Fraudster and Seller/Beneficiary as being the “unit price of the average of the mean quotations published in Platt’s crude oil marketwire” (para.2) plus a premium of USD 3.24 per barrel. The purported on-sale contract between Applicant/Alleged Fraudster and TOTSA reflected a purchase price of Platt’s plus USD 3.60.

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1. The Judgment refers to the sales contract as the “PPT-Zenrock Sale Contract”, and the on-sale contract as the “Fabricated Zenrock-TOTSA Sale Contract”.

Thus, as the opinion notes, were this to be the true on-sale price, the proceeds assigned to Issuer from TOTSA would cover the purchase price Applicant/Alleged Fraudster would owe Seller/Beneficiary and, accordingly, the exposure of Issuer under the LC.

The LC was issued on 3 April 2020. Because the original B/Ls were unavailable, Seller/Beneficiary made the alternate presentation, through Bank of China (Presenting Bank), of an LOI and signed invoice to Issuer on 16 April 2020. It was undisputed that this presentation complied with the LC terms and conditions. Issuer, however, became concerned about the underlying realities when it received an email from TOTSA on 23 April 2020 making several allegations: (1) that TOTSA received

***Critically, Issuer did not provide Seller/Beneficiary a notice of refusal stating its basis for dishonour within the timeframe prescribed by UCP600.***

a competing notice from ING Bank NV (ING) regarding its assignment of proceeds for the on-sale contract with Applicant/Alleged Fraudster; (2) that Applicant/Alleged Fraudster requested TOTSA to approve the ING assignment (although TOTSA never

countersigned that document); (3) Applicant/Alleged Fraudster subsequently requested TOTSA not to approve the ING assignment as an internal “mistake” by Applicant/Alleged Fraudster caused the assignment to go to Issuer; (4) TOTSA countersigned the assignment to Issuer; and (5) that TOTSA acknowledged it would pay the legitimate holder of its receivable. Following this email, Issuer informed TOTSA of the contract Applicant/Alleged Fraudster provided to support issuance of the LC. On 28 April 2020, TOTSA tendered Issuer with the actual on-sale contract. That contract showed a purchase price of Platt’s *minus* USD 3.60 per barrel. As the Judgment notes:

It thus became plain to [Issuer] that it had been defrauded by [Applicant/Alleged Fraudster]. Not only had [Applicant/Alleged Fraudster] assigned the TOTSA Receivable to two different banks by issuing the Duplicate [Notices of Assignment], but it had also procured the issue of the Letter of Credit by [Issuer] on the basis of a forged sales contract to TOTSA (*viz.*, the Fabricated [Applicant/Alleged Fraudster]-TOTSA Sale Contract), resulting in a figure in the Letter of Credit which was about 87% higher than the approximate market value of the Cargo. What [Issuer] did not know was the extent to which any other party, such as [Seller/Beneficiary], was involved in the fraud, but it was deeply suspicious. [Para.14]

Given these suspicions, Issuer chose to dishonour Seller/Beneficiary’s presentation, although the maturity date for payment, as reflected in the underlying contract, was 5 June 2020. Critically, however, Issuer did not provide Seller/Beneficiary a notice of refusal stating its basis for dishonour within the timeframe prescribed by UCP600. Issuer’s decision to dishonour became clear when on 28 May 2020 it applied for and obtained an *ex parte* interim injunction from the High Court of Singapore restraining payment. Seller/Beneficiary received notice of this injunction. Before the injunction was lifted, the relevant parties engaged Mayer Brown (Singapore) Pte. Ltd. (Escrow Agent) to serve as escrow for the TOTSA sale proceeds pending resolution of the dispute. TOTSA tendered Escrow Agent USD 16,517,003.06; thereafter, interpleader proceedings began, although the Judgment notes that the outcome of those proceedings was unknown. Following discovery of other schemes,



Applicant/Alleged Fraudster went into interim judicial management rendering it an unlikely source of any recoupment.

The interim injunction was discharged by the High Court on 13 November 2020 after the parties executed an accommodation whereby Issuer paid the LC value into a blocked account under Seller/Beneficiary's name. In turn, Seller/Beneficiary caused Presenting Bank to issue a bank guarantee which was provided to the court to pay Issuer were Issuer to prevail in its fraud defence.

Subsequently, the High Court transferred the case to the Singapore International Commercial Court.<sup>2</sup> The action involved two competing claims. Issuer sought a declaration that Seller/Beneficiary was not entitled to the LC proceeds as it was a participant in the underlying fraud and an order that Seller/Beneficiary return the payment made pursuant to the accommodation plus interest; alternatively, even if Issuer were found to have improperly dishonoured, Issuer sought a declaration that Seller/Beneficiary breached the warranties made in the LOI and, consequently, Seller/Beneficiary was liable for damages equal to the LC sum paid under the accommodation. In its counterclaim, Seller/Beneficiary sought a declaration that it was entitled to retain the proceeds paid under the accommodation plus the costs of obtaining the bank guarantee. The LC proceeds Issuer tendered pursuant to the accommodation sat in a blocked-account as counter-security for the guarantee. The Singapore International Commercial Court, Cooke, J., denied each of Issuer's requests and ruled in favour of Seller/Beneficiary. The Judge reserved for further determination what, if any, interest or fees Seller/Beneficiary should be granted.

## Legal Analysis:

**1. Letters of Credit and the Fraud Exception.** The Judge began by noting that letters of credit are the lifeblood of international commerce and, contrary to Issuer arguments, observing the "autonomous", independence of the undertaking, the "contract" between the issuer and beneficiary is "unaffected by any irregularities in the underlying commercial contract of sale." (para.17). An issuer of a UCP600 letter of credit is required to review the compliance of documents pursuant to the standard(s) in Article 14(a) (Standard for Examination of Documents), i.e. on the basis of the documents alone. Citing the Singapore Court of Appeal decision in *Brody, White and Co. v. Chemet Handel Trading (S) Pte. Ltd.*,<sup>3</sup> the Judge noted that the "fraud in question must relate to the documents presented under the letter of credit rather than the underlying sale contract." (para.18). Issuer attempted to rely on the Singapore decision *Arab Banking Corp. v. Boustead Singapore Ltd.*<sup>4</sup> to set out its case of fraud. Thus, Issuer argued that a proper fraud defence could be established where the beneficiary either acted dishonestly or recklessly in its presentation of documents or was otherwise indifferent as to whether or not the documents complied. The Judge partially agreed with this framing of the fraud defence to payment but expressed that

any fraud capable of vitiating a demand for payment under a letter of credit must be in the presentation of documents itself, in my judgment, such fraud can only, by definition, encompass a

2. This is the first judgment of the Singapore International Commercial Court that focused on a letter of credit dispute.

3. [1992] 3 SLR(R) 146 [Singapore]

4. [2016] 3 SLR 557 [Singapore]

beneficiary who acts *dishonestly*, in presenting otherwise facially compliant documents either with the knowledge that what is contained therein is false, or without belief that what is contained therein is true. (para.20).

Notably, the Judge distinguished the instant case from *Arab Banking Corp.*, where the underlying instrument was a demand guarantee. Thus, the Judge noted that “there is a distinction between the law relating to letters of credit and the law relating to demand guarantees and so nothing in *Arab Banking Corp* impacts upon the Court of Appeal’s earlier decision in *Brody*.” (para.21). Under Singapore law, for example, payment under a demand guarantee may be restrained upon a showing of unconscionability. No similar restraint is available for a commercial LC. Having reviewed the law regarding the fraud exception, the Judge noted that for Issuer to prevail in its fraud defence, it would have to demonstrate that Seller/Beneficiary acted dishonestly in its presentation of documents by intending to participate alongside Applicant/Alleged Fraudster in defrauding Issuer. Moreover, absent a showing that Seller/Beneficiary presented forged or false documents, it would be insufficient to merely show that Seller/Beneficiary was reckless in its inquiries regarding the purpose of the round-tripping contracts. Definitive proof of deceit on the part of Seller/Beneficiary was required, whether of knowledge of the duplicate notices of assignment, fabricated contract with TOTSA, or otherwise firm proof that Seller/Beneficiary acted dishonestly in its presentation. (para.22).

**2. Issuer’s Case of Fraud & Review of Evidence.** Generally, Issuer’s case of fraud alleged that Seller/Beneficiary had misrepresented that it had actually transferred marketable title of the crude oil to Applicant/Alleged Fraudster and that Seller/Beneficiary knew the round-tripping transactions were a sham; moreover, Seller/Beneficiary knew or should have known (or was reckless in its due diligence) regarding the inflated market value of the crude oil as it allegedly changed possession amongst the parties in the cycle. The Judge remarked on several occasions that there was no suggestion in either the pleadings or during cross examination that the representatives of Seller/Beneficiary “were aware of the Fabricated [Applicant/Alleged Fraudster]-TOTSA Sale Contract, the issuance of the Duplicate [Notices of Assignment] and the consequent inducement to [Issuer] to issue the Letter of Credit in favour [Seller/Beneficiary].” (para.26).

The Judge proceeded to engage in an extensive review of witness and documentary evidence to determine what knowledge Seller/Beneficiary had of the underlying round-tripping contracts and whether or not Seller/Beneficiary had acted dishonestly by engaging in what Issuer considered sham transactions. The conclusions of that review are summarised with the assistance of select quotations. Interested trade practitioners, however, may find this portion of the Judgment valuable as it provides insight on the practices involved in round-tripping transactions, especially as those under review occurred during a time of altered working (and market) conditions due to the then early days of the pandemic. (paras. 31-136).

The first significant conclusion made by the Judge was a rejection of Seller/Beneficiary’s witnesses that they were unaware that Applicant/Alleged Fraudster was engaged in round-tripping. This was largely derived from the review of emails and text messages between the parties discussing the replacement of certain proposed parties and substitution of others in the transaction chain. In fact, it must have become apparent to Seller/Beneficiary when Applicant/Alleged Fraudster swiftly

changed its position of seller to purchaser from Seller/Beneficiary, and then on-seller to TOTSA. The Judge, however, “ha[d] to accept the evidence that the [Seller/Beneficiary] witnesses did not know that the prices in the round-tripping transactions in which they participated were well above market prices, which is one of the other essential pieces of knowledge that must be attributed to [Seller/Beneficiary] if it is to be said that [Seller/Beneficiary] had participated in [Applicant/Alleged Fraudster]’s fraud on [Issuer].” (para.113). While the Judge noted that Seller/Beneficiary was not an “innocent bystander” to the reality that Applicant/Alleged Fraudster was engaged in circular trading, the evidence showed that Seller/Beneficiary did not act fraudulently regarding its presentation “because [Seller/Beneficiary] had, in this case, been offered a pre-structured deal, similar to those in which it had taken part in the past, all of which had gone through successfully without any suggestion of fraud.” (para.115). Moreover, under Singapore law, a beneficiary has no duty of care in presenting documents to an issuer for payment and

the absence of any enquiry or any attempt to ascertain what lay behind the round-tripping and the presence of unusual features in the transaction (particularly in the absence of knowledge of the high prices involved), cannot be said to amount to dishonesty *per se*, nor can dishonesty be inferred from these elements of knowledge, even if all taken together. (para.117).

The Judge turned to the lack of any misrepresentation made by Seller/Beneficiary. Issuer continued to argue that the round-tripping nature of the transactions rendered the contract between Seller/Beneficiary and Applicant/Alleged Fraudster a “sham”. The Judge disagreed, however, noting that “sham” transactions require a “common subjective intention” between the parties to not actually create rights and obligations otherwise reflected by the documents, i.e. requiring “a finding the parties to the sham were dishonest in creating a pretence of a transaction in order to deceive others when there was in reality no such transaction.” (para.120). There was no evidence before the Judge that would suggest the parties in the chain of transactions did not intend for the property to pass pursuant to their contracts. Moreover, whether the parties expected receipt of original shipping documents is “nothing to the point.” (para.123).

Trading in oil products frequently involves what amounts to little more than trading in documents with the product being delivered to the ultimate purchaser, with money and documents being exchanged by the intervening participants in the chain from original supplier to that ultimate purchaser. That does not make the transactions any the less genuine or mean that property in the goods does not pass. (para.123)

As Issuer failed to establish that the presented invoice or LOI were forged or fraudulent, and could neither demonstrate a misrepresentation by Seller/Beneficiary regarding marketable title nor show participation in fraud alongside Applicant/Alleged Fraudster, the Judge turned to the letter of credit issues.

**3. Issues Regarding the LC.** As mentioned, there was no dispute that Seller/Beneficiary made a complying presentation, albeit through the alternative terms requiring a signed invoice and LOI (through an LOI form provided by Applicant/Alleged Fraudster).<sup>5</sup> Accordingly, pursuant to UCP600

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5. It is worth mentioning that the LOI was subject to English law.

Articles 14 (Standard for Examination of Documents), 15 (Complying Presentation) and 16 (Discrepant Documents, Waiver and Notice), Issuer was required to “accept the documents within the five banking day period prescribed, but it failed to do so.” Moreover, Issuer failed to give notice of non-payment or detail any discrepancies justifying dishonour; Issuer was “therefore, by the terms of the UCP 600, precluded from claiming that the documents did not constitute a complying presentation.” (para.138).

Before turning to further arguments raised by Issuer, the Judge commented on the nature of the circular transactions and the actual fraud that occurred:<sup>6</sup>

Whilst various pejorative terminology could be applied to the round-tripping transactions, they were nonetheless genuine sales and purchases between the parties with all the incidents of such sales and purchases, including the intention to pass property in the Cargo and for it to be ultimately delivered to the ultimate receiver. [Seller/Beneficiary] did not know that the round-tripping transactions were sham because they were not. The round-trip transactions were not in themselves unlawful because [Applicant/Alleged Fraudster] was at liberty to sell and repurchase the Cargo on such terms as it wished, provided that it still fulfilled its obligations to TOTSA under the True [Applicant/Alleged Fraudster]-TOTSA Sale Contract. The unlawfulness arose from [Applicant/Alleged Fraudster] fabrication of that contract (giving rise to the Fabricated [Applicant/Alleged Fraudster]-TOTSA Sale Contract) which was presented to [Issuer] to obtain the Letter of Credit and the Duplicate [Notices of Assignment] purporting to assign the TOTSA Receivable to both ING and [Issuer]. (para.142).

**4. Issues Concerning LOI.** Issuer argued that Seller/Beneficiary had breached express warranties made in the LOI presented under the LC, specifically those concerning marketable title free and clear of any liens or encumbrances and an entitlement to receive original shipping documents. The Judge first reviewed the law distinguishing unilateral and bilateral contracts to determine whether the warranties stated in the LOI materialised as they were to be made “in consideration” of Issuer making full payment at the due date pursuant to the underlying sales contract. As the Judge noted, the “LOI does not set out warranties which are to be given in the event of a mere *agreement* to pay the sum in question, nor warranties which are to be given in the event of a payment made *after* the due date.” (para.153). The sales contract between Seller/Beneficiary and Applicant/Alleged Fraudster set the due date for payment 60 days from the B/L date, which was 5 June 2020.

As mentioned, Issuer ultimately paid the LC value into a blocked account pursuant to an accommodation on 18 November 2020 (the injunction was discharged on 13 November). Thus, the query became whether the due date for payment stated in the contract had been extended by operation of the interim injunction granted on 28 May 2020. To this, the Judge noted that it was Issuer “which sought the injunction which now turns out not to have been justified since payment was due under the Letter of Credit in accordance with the decision set out earlier in this judgment.” (para.159). Accordingly, the Judge reasoned that the due date for payment could not have been so extended as Applicant/Alleged Fraudster was not a party to the injunction proceedings nor, even if

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6. Earlier in the Judgment, the Judge opined that TOTSA seemingly sold the oil to SOCAR and repurchased it from Applicant/Alleged Fraudster “for no good reason.” (para.16).



it had the authority to do so, did the High Court make any ruling or finding concerning due date extension. The accommodation executed between Issuer and Seller/Beneficiary also made no mention of a due date extension as “[t]he parties were plainly reserving all their rights and conceding nothing. No reference was made to the due date for payment under the [Seller/Beneficiary]-[Applicant/Alleged Fraudster] Sale Contract or the impact of any payment made by [Issuer] on the terms or effect of the LOI.” (para.157). As the LOI warranties never took effect, the Judge denied Issuer’s requested declaration that Seller/Beneficiary breached the same causing Issuer damages.

## **Presented LOI:**

LETTER OF INDEMNITY (L.O.I.)

Date: 09 April 2020

From: PPT Energy Trading Co Ltd

To: Credit Agricole Corporate and Investment Bank, Singapore Branch for account of Zenrock Commodities Trading Pte Ltd

We refer to our contract dated 2 April 2020 in respect of our sale to Zenrock Commodities Trading Pte Ltd of a shipment of 920,191.814 US barrels of Djeno Crude Oil shipped on board the vessel Indigo Nova at the port of Djeno Terminal, Congo with bills of lading dated 06 April 2020.

To date we are unable to provide you with the requisite shipping documents in relation to the said sale which consist of:

1) Full set 3/3 original and 3 non-negotiable copies clean on board bills of lading issued or endorsed to the order of Credit Agricole Corporate and Investment Bank, Singapore Branch.

In consideration of your making payment of the full invoiced price of USD23,662,732.50 (and payment when due of any subsequent shortfall apparent on any final invoicing and set out in any final invoice) for the shipment at the due date for payment under the terms of the above contract without having been provided with the above documents, we hereby expressly warrant that at the time property passed under the contract we had marketable title to such shipment, free and clear of any lien or encumbrance, and that we had full right and authority to transfer such title to you, and that we are entitled to receive these documents from our supplier and transfer them to you.

We further agree to protect, indemnify and save you harmless from and against any and all damages, costs and expenses (including reasonable legal fees) which you may suffer or incur by reason of the original bills of lading and other documents remaining outstanding or breach of warranties given above ...

This Letter of Indemnity shall be governed by and construed in all respects in accordance with the laws of England, but without reference to any conflict of law rules. ...

The validity of this Letter of Indemnity shall expire upon our presentation to you of the aforesaid shipping documents or one year after bill of lading date.

**5. Warranties.** Although ruling that no express warranties stated in the LOI were ultimately made, the Judge proceeded to examine, for the sake of thoroughness, the text of the LOI to determine if, had warranties been made, any were broken by Seller/Beneficiary. As mentioned, the LOI was subject to English law.

The first warranty concerned marketable title “at the time property passed under the contract”. The evidence available to the Judge indicated that original shipping documents were never held by Seller/Beneficiary and were not circulated amongst the parties. That alone, however, would not

*On the facts of the case, Issuer was unable to rely on the indemnity to recoup any of its losses under the LC.*

prevent the passing of title to the oil. The first warranty in the LOI stated that Seller/Beneficiary had marketable title on 5 or 6 April 2020: “Since property in the Cargo passed at the loading port all the way

down the chain, [Seller/Beneficiary] had title in the sense of ownership of the Cargo. The title was marketable in as much as ownership could and did pass at the vessel’s flange at the loadport.” (para.170).

Nevertheless, the inquiry continued as to whether Seller/Beneficiary had such title “free and clear of any lien or encumbrance”, the second potential warranty made in the LOI. This question raised, as mentioned early in the abstract, the floating charge held by Issuer “of all [Applicant/Alleged Fraudster’s] rights, title, benefits and interest in all goods financed or to be financed by that bank.” (para.173). This floating charge would “crystallise” were goods to become subject to any lien or encumbrance prohibited by the deed signed with Issuer or Applicant/Alleged Fraudster’s insolvency. Such crystallisation was said to have occurred on or about 3 April 2020 by operation of the notice of assignment executed between TOTSA and ING, i.e. by creating a security interest in the goods contrary to the deed with Issuer. At the time title in the goods passed to Seller/Beneficiary, however, only Applicant/Alleged Fraudster could have been aware of this crystallisation. Accordingly, Seller/Beneficiary argued that “[e]ven if a purchaser has notice of the floating charge, if it has no notice of crystallisation, it is said that it takes free of the charge.” (para.176). The Judge accepted this view as conforming to basic contractual principles, while acknowledging a lack of any cited authority. Thus, the Judge concluded Seller/Beneficiary would not have otherwise been in breach of the first two LOI warranties had they been made and turned to the third and final warranty.

The third warranty concerned the requisite shipping documents and Seller/Beneficiary’s right to receive those documents and transfer them to Issuer. As a general matter, each of the underlying sales contracts stipulated that the purchaser would be entitled to receive shipping documents. Even though the documents never changed hands amongst the parties, the Judge noted that the fact “that the participants in the chain chose not to effect such endorsements but to rely upon the provision for payment against a commercial invoice and letter of indemnity does not affect the entitlement of each purchaser to the original bills of lading under its purchase contract.” (para.186). The warranty was not that Seller/Beneficiary would furnish Issuer with the documents, merely its entitlement to receive them. Thus, the Judge concluded that Seller/Beneficiary would not have been in breach of the third LOI warranty.

**6. Indemnity.** The final issue regarded the indemnity term contained in the LOI. Issuer argued that the indemnity was independent of the warranties. The Judge disagreed, however, noting that the indemnity would be made in the same way as the warranties, i.e. full payment by the due date. Accordingly, on the facts of the case, Issuer was unable to rely on the indemnity to recoup any of its losses under the LC. Before dispensing with the issue, however, the Judge considered a counterfactual whereby Issuer had actually received the original shipping documents. Nevertheless, even if Issuer had received the B/Ls, it would have almost certainly not accepted them and become a holder because the underlying fraud by Applicant/Alleged Fraudster was presumed to have still occurred. Issuer would have been notified at or about the same time by TOTSA that TOTSA's receivable had been assigned to both Issuer and ING.

Even if [Issuer] had become holder of the original bills of lading before discharge of the Cargo, it does not appear that it would have been in any better position than it was without becoming holder of those bills because TOTSA would have asserted its claim to the Cargo as holder of the legal title and the carrier would have been on notice of the competing claims to the Cargo and would not have delivered to [Issuer] against any presentation of the bills because of the risk of a claim in conversion from TOTSA.

Having found the LOI indemnity unenforceable in the same way as the warranties, the Judge denied Issuer's requested declarations and turned to the issue of appropriate remedies in favour of Seller/Beneficiary.

**7. Conclusion.** Although Seller/Beneficiary originally sought approximately USD 23.6 million, that sum has already been paid into a blocked account through the prior accommodation. In any event, there was now no possible basis for Issuer to make a claim on the bank guarantee securing the paid sum. Seller/Beneficiary sought both pre- and post-judgment interest as well as attorney's fees and costs for securing the bank guarantee from Presenting Bank. The Judge, however, declined to make a ruling in this Judgment on those issues. Instead, the Judge concluded:

I need do no more than determine that [Issuer]'s claims for an injunction, declaration and an order for reimbursement of the sum paid under the Letter of Credit to [Seller/Beneficiary] all fail and that [Seller/Beneficiary] is entitled to retain that sum and is likely to recover interest for being kept out of that sum between 5 June 2020 and 18 November 2020. Whether it is entitled to further interest or the other sums claimed, whether as damages or otherwise remains to be determined, as does the question of liability for costs. (para.209). ■

**Independent Undertakings  
come in all shapes and sizes.**

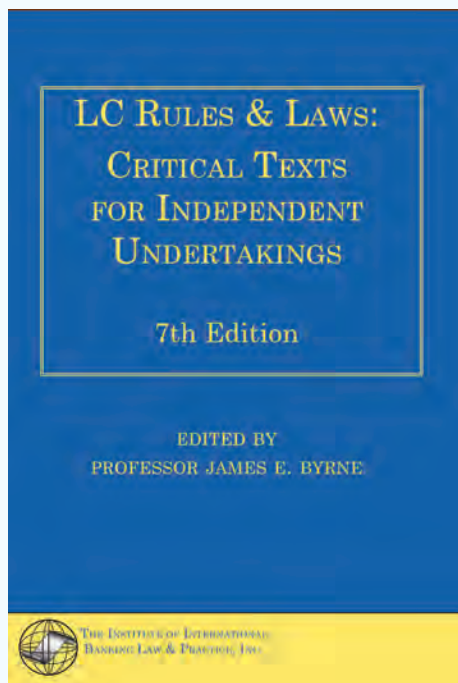
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## BACK TO THE BASICS: HONOUR, NEGOTIATION, AND REIMBURSEMENT OF LETTERS OF CREDIT

by Tat Yeen YAP\*

Honour, negotiation, and reimbursement – individually and collectively – are perhaps some of the least understood (or most misunderstood) terms in letter of credit practice. Some examples of mistaken notions include: (i) drafts to be drawn on negotiating bank; (ii) drafts to be drawn on issuing bank when LC is available with any bank by acceptance; (iii) confirming bank pays when payment is not made by the issuing bank at maturity; and (iv) nominated bank honours a sight payment LC when it pays the beneficiary from proceeds of a reimbursement claim. One can only wonder why misunderstanding is pervasive when these terms are so primary, core, and foundational to the essence of banks' letter of credit business operations.



### Definitions

The term 'honour' was incorporated in UCP600 (2007) as a short hand way to state what would otherwise require extensive phrasing and repetition throughout the rules.<sup>1</sup>

\* Tat Yeen Yap is Managing Director Asia-Pacific at MonetaGo, a financial technology company that specialises in duplicate financing fraud prevention for trade finance globally. He has three decades of experience working in commercial banks, in the areas of credit, client coverage and trade finance. He has been a drafter of ICC rules (eUCP Version 2.0 and eURC Version 1.0) and is a DOCDEX Expert for the ICC's Centre for Alternative Dispute Resolution and Co-Sherpa of the Digital Trade Finance Lab at the Asia Pacific Financial Forum. He can be reached at [tatyeen@monetago.com](mailto:tatyeen@monetago.com).

1. See the prior UCP500 (1993) where, without the short hand 'honour', the rules had to convey "pay, incur a deferred payment undertaking, accept Draft(s)" in different tenses 10 times in various places.

It is defined in UCP600 Article 2 as:

**Honour** means:

- a. to pay at sight if the credit is available by sight payment.
- b. to incur a deferred payment undertaking and pay at maturity if the credit is available by deferred payment.
- c. to accept a bill of exchange (“draft”) drawn by the beneficiary and pay at maturity if the credit is available by acceptance.

The term ‘honour’ is used 30 times throughout UCP600 to express in short form the actions of the issuing bank, confirming bank, and nominated bank in relation to the definition provided.

The term ‘negotiation’ was first defined in UCP500 (1993), although use of the term and its permutations such as ‘negotiate’ and ‘negotiating’ have appeared since the first iteration of the rules in 1933 (UCP82). It is defined in UCP600 Article 2 as:

**Negotiation** means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which reimbursement is due to the nominated bank.

The term ‘reimbursement’ is not formally defined in UCP600, but this term and ‘reimburse’ are used eight times in the rules to represent the undertaking of an issuing bank or a confirming bank to a nominated bank that has honoured or negotiated a complying presentation.<sup>2</sup> UCP600 Article 7(c) on the issuing bank’s undertaking states:

An issuing bank undertakes to reimburse a nominated bank that has honoured or negotiated a complying presentation and forwarded the documents to the issuing bank. Reimbursement for the amount of a complying presentation under a credit available by acceptance or deferred payment is due at maturity, whether or not the nominated bank prepaid or purchased before maturity. An issuing bank’s undertaking to reimburse a nominated bank is independent of the issuing bank’s undertaking to the beneficiary.

UCP600 Article 8(c) then states of a confirming bank’s undertaking:

A confirming bank undertakes to reimburse another nominated bank that has honoured or negotiated a complying presentation and forwarded the documents to the confirming bank. Reimbursement for the amount of a complying presentation under a credit available by acceptance or deferred payment is due at maturity, whether or not another nominated bank prepaid or purchased before maturity. A confirming bank’s undertaking to reimburse another nominated bank is independent of the confirming bank’s undertaking to the beneficiary.

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2. For purposes of my analysis, this count of use of the term ‘reimbursement’ excludes its mention in UCP600 Article 13 which provides for bank-to-bank reimbursements.

## Application

Having pointed to the meanings of these terms, we now turn to the application of each in LC practice. UCP600 Article 6(a) requires that an LC states the bank with which it is available. When an LC is available with a bank other than the issuing bank, that other bank with whom the LC is available is called a nominated bank.<sup>3</sup> UCP600 Article 6(b) requires that an LC states whether it is available by sight payment, deferred payment, acceptance, or negotiation.

When an LC is available by sight payment, deferred payment, or acceptance with a nominated bank, the nominated bank is authorised to honour a complying presentation. The nominated bank *honours* by paying at sight if the LC is available by sight payment, by incurring a deferred payment undertaking and paying at maturity if the credit is available by deferred payment, and by accepting a bill of exchange (draft) drawn by the beneficiary and paying at maturity if the credit is available by acceptance. It would be incorrect to use the term *negotiate* to describe the action of any bank when an LC is available by sight payment, deferred payment or acceptance, because the availability of such an LC is by a method other than negotiation.

When an LC is available by negotiation, the nominated bank is authorised to negotiate a complying presentation. The nominated bank negotiates by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which reimbursement is due to the nominated bank. Drafts are not necessarily required in an LC available by negotiation.<sup>4</sup> If drafts are nevertheless required in the LC, they are to be drawn on a bank other than the nominated bank – the most straightforward way is to stipulate that drawee as the issuing bank. The practice by some confirming banks to require drafts to be drawn on themselves when the LC is available by negotiation is incongruent with the provisions of UCP600 for availability by negotiation.<sup>5</sup>

An LC is always available with the issuing bank, because the LC is the undertaking of the issuing bank. Its role is to honour and never to negotiate. When a complying presentation has been made to a nominated bank (and the nominated bank does not honour or negotiate) or directly to the issuing bank, the issuing bank must honour in the following ways:

- i. If the LC is available by sight payment with the issuing bank, the issuing bank must pay at sight;<sup>6</sup>
- ii. If the LC is available by deferred payment with the issuing bank, the issuing bank must incur a deferred payment undertaking and pay at maturity;<sup>7</sup>

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3. UCP600 Article 2 defines nominated bank as “the bank with which the credit is available or any bank in the case of a credit available with any bank.” The often-used term ‘negotiating bank’ does not appear in UCP600.

4. The International Chamber of Commerce recommends that the use of drafts in LCs be curtailed. The ICC Guidance Paper on Use of Drafts for Documentary Credits is publicly available here: <https://iccwbo.org/publication/guidance-paper-use-drafts-bills-exchange-documentary-credits-executive-summary/>

5. If a confirming bank requires drafts to be drawn on itself, the appropriate method of LC availability is by acceptance, rather than by negotiation.

6. UCP600 Article 7(a)(i).

7. Ibid.

- iii. If the LC is available by acceptance with the issuing bank, the issuing bank must accept a bill of exchange (draft) and pay at maturity;<sup>8</sup>
- iv. If the LC is available by sight payment with a nominated bank and that nominated bank does not pay, the issuing bank must pay at sight;<sup>9</sup>
- v. If the LC is available by deferred payment with a nominated bank and that nominated bank does not incur its deferred payment undertaking, or, having incurred its deferred payment undertaking, does not pay at maturity, the issuing bank must pay at maturity;<sup>10</sup>
- vi. If the LC is available by acceptance with a nominated bank and that nominated bank does not accept a draft drawn on it or, having accepted a draft drawn on it, does not pay at maturity, the issuing bank must pay at maturity;<sup>11</sup>
- vii. If the LC is available by negotiation with a nominated bank and that nominated bank does not negotiate, the issuing bank must pay at maturity.<sup>12</sup>

As seen from the above, the issuing bank must honour a complying presentation made to itself, or honour a complying presentation made to a nominated bank and that nominated bank does not honour or negotiate. Honour is the act of paying the beneficiary or presenter and is distinguished from reimbursement.

Similar to the undertaking of the issuing bank, a confirming bank must honour a complying presentation made to itself or honour a complying presentation made to any other nominated bank and that other nominated bank does not honour or negotiate.<sup>13</sup> The only difference between a confirming bank's undertaking and that of the issuing bank is found in LCs available by negotiation:

- Where no other bank has negotiated, the confirming bank must negotiate a complying presentation;
- Where no nominated bank has negotiated, the issuing bank must honour, not negotiate, a complying presentation.

Where a nominated bank has honoured or negotiated a complying presentation according to the method of LC availability, the issuing bank's undertaking is then to reimburse the nominated bank at maturity, rather than to honour a presentation.<sup>14</sup>

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8. Ibid.

9. UCP600 Article 7(a)(ii).

10. UCP600 Article 7(a)(iii).

11. UCP600 Article 7(a)(iv).

12. UCP600 Article 7(a)(v).

13. A nominated bank may be a confirming bank, but not necessarily so. A confirming bank is always a nominated bank, as implied by UCP600 Article 8(a) which refers to a nominated bank other than the confirming bank as 'any *other* nominated bank' (italics mine).

14. UCP600 Article 7(c).

The undertaking of the issuing bank to reimburse a nominated bank that has acted on its nomination is independent of whether there is a 'reimbursing bank' in the LC. UCP600 Article 13 covers bank-to-bank reimbursements in the narrow context where the LC provides for the nominated bank to claim reimbursement on another party (the reimbursing bank). The requirement in an LC to claim reimbursement from a reimbursing bank does not provide any security to a nominated bank to honour or negotiate a presentation, as the reimbursing bank is not obligated to honour a reimbursement claim.<sup>15</sup>

The naming of a reimbursing bank in an LC normally requires the nominated bank to make a reimbursement claim on the reimbursing bank. The nominated bank bears the responsibility to initiate the reimbursement arrangements correctly and timely, and incur the consequences of delayed payment or non-payment should it not have claimed reimbursement timely or provided any required notice to the issuing bank in timely fashion.

An issuing bank undertakes to reimburse a nominated bank that has honoured or negotiated a complying presentation, and forwarded documents to the issuing bank. This undertaking is not transferred to a reimbursing bank even if the LC onerously requires a reimbursement claim to be made on a reimbursing bank.<sup>16</sup>

A confirming bank also undertakes to reimburse another nominated bank that has honoured or negotiated a complying presentation and forwarded the documents to the confirming bank. UCP600 makes no provision for a confirming bank to authorise another reimbursing bank to honour a reimbursement claim. It is conceivable, however, that such an arrangement can nevertheless be made, i.e. a nominated bank may be authorised to claim reimbursement on the confirming bank's reimbursing bank. Absent good reasons for such an arrangement, the scheme appears convoluted and is neither recommended nor normal practice.

In the author's opinion, the practice of having a reimbursement bank in an LC adds complexity and brings no value, especially when the LC has a deferred payment or usance tenor.<sup>17</sup> The issuing bank and confirming bank are not relieved of their obligations to provide reimbursement, regardless of whether a reimbursing bank is provided for in the LC.

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15. Unless the reimbursing bank has issued a reimbursement undertaking to the nominated bank.

16. UCP600 Article 13(c) states: "An issuing bank is not relieved of any of its obligations to provide reimbursement if reimbursement is not made by a reimbursing bank on first demand."

17. This is also the case for a sight payment LC. Whilst a reimbursement instruction in an LC provides the claiming bank an indication of when it can expect reimbursement, the reimbursing bank has no obligation to honour a reimbursement claim. If the issuing bank wishes to provide certainty of the timing of reimbursement, the LC can provide instructions for a reimbursing claim to be sent to the issuing bank for a complying presentation. A claiming bank may receive reimbursement on a sight payment LC before its forwarded documents reach the issuing bank. It ought to be noted that in case a reimbursement claim for a non-complying presentation has been honoured by the reimbursing bank, there is no provision in either UCP600 or URR725 for the return of funds from the claiming bank, although the issuing bank may pursue that with the claiming bank.



A condition for reimbursement is that the nominated bank that has honoured or negotiated a complying presentation must forward the documents to the issuing bank or the confirming bank. When the nominated bank has acted as aforesaid, both the nominated bank and the LC beneficiary shall be protected by UCP600 Article 35 which provides, in part:

If a nominated bank determines that a presentation is complying and forwards the documents to the issuing bank or confirming bank, whether or not the nominated bank has honoured or negotiated, an issuing bank or confirming bank must honour or negotiate, or reimburse that nominated bank, even when the documents have been lost in transit between the nominated bank and the issuing bank or confirming bank, or between the confirming bank and the issuing bank.

## Effect

Nominated banks, confirming banks, and issuing banks ought to have clear understanding of their respective roles, responsibilities, and rights as provided for in UCP600 concerning honour, negotiation, and reimbursement. When they do, they can conduct their LC-related activities professionally with greater confidence and security.

The ultimate benefit will accrue to the users of letters of credit who are the LC beneficiaries and applicants - suppliers and buyers who choose to transact using LCs. They rely on their banks to act correctly in accordance with the rules of LC practice, to ensure that the purpose of the letter of credit instrument as a reliable method of settlement for trade is realised and upheld. ■

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## A 1945 JEWEL ABOUT DOCUMENTARY CREDITS

by **Xavier FORNT\***

When immersed in research, one comes across authentic gems from time to time which bring special joys and worth for the many hours of tedium and unsuccessful results researchers inevitably have to ensure. The project for which I have been immersed for some time is that of the history and evolution of documentary credits. A means of payment that, no matter how many years go by, continues to be one of the most used and appreciated in the world of international trade.

A jewel I recently came across was a little book, “The ABCs of Commercial Letters of Credit”, written in 1945 by Manufacturers Trust Company vice president John L. O’Halloran and published by the bank.<sup>1</sup>



The first thing that struck me about this book is that, despite it being written in 1945, it contemplates the modern concept of financial education. Indeed, its author writes in the book’s preface that:

“The purpose that we have pursued by having this publication translated has been to inform the officials in charge of activities related to commercial letters of credit, in friendly banks of ours in Spanish-speaking countries, about the procedures that are followed between American banks in handling said instruments”.

In other words, one of this book’s aims was advancing the financial education of its correspondent banks. This concept was introduced in Chapter I of the book under the title, “Need for a more widespread knowledge among bankers about the handling of letters of credit”. In chapter VI of the book, O’Halloran mentions an LC use that is often forgotten even today: The possibility of domestic commercial letters of credit.

Although in 1945 the Uniform Customs and Practice were already in existence (ICC Publication 82, developed in 1932), “Terminology used in North American foreign trade” still prevailed within the

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1. Manufacturers Trust Company, an American financial institution founded in Brooklyn, New York, in 1853 and grew as a bank through mergers and acquisitions of other entities until 1961 when it merged with another, Hanover Bank, to become Manufacturers Hanover Trust (popularly known by its nickname, “Manny Hanny”). The resulting new bank, one of the largest in the US, later merged with Chemical Banking Corporation in December 1991 and operated under the Chemical Bank name until 1996 when it absorbed Chase Manhattan and adopted the Chase name. Finally, in 2000, the merger between Chase Manhattan and J.P Morgan, gave rise to the current J.P. Morgan Chase.

continental US. These were norms adopted in 1941 by a commission comprised of representatives of the U.S. Chamber of Commerce, the National Council of Exporters, and the National Foreign Trade Council that updated terminology first written in 1919.

This new terminology is extensively commented on in O'Halloran's book. For instance, some notes that appear under the heading, "General Warnings", that I find particularly interesting include the following:

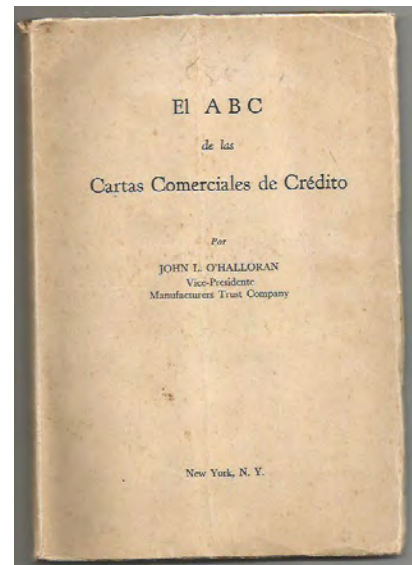
Note 3. It is imprudent to use abbreviations in quotes and contracts that may cause disagreements.

Note 5. If any inspection or inspection certificate is required, it must be agreed in advance whether the respective cost is borne by the buyer or the seller.

Note 7. There are some elements in the contracts that do not fall within the scope of these foreign trade definitions. Therefore, no mention of them is made here. The seller and the buyer must distinctly agree upon them when discussing their contracts. This applies particularly to so called "customary" uses.


In fact, some of these notes have contemporary equivalents in the current International Standard Banking Practices (ISBP 745). Terminology's Note 3 is amplified in ISBP 745 Paragraphs A1 and A2 (Abbreviations). As regards Note 5, we operate under the same situation today since neither UCP600 nor ISBP 745 mention the concept of payment of expenses which must be addressed in a separate agreement between the parties. And the spirit of Note 7 corresponds today to ISBP 745 Paragraph A19 (Expressions Not Defined in UCP 600).

Finally, the appendices of "The ABCs of Commercial Letters of Credit" contained different model forms to guide in issuance of LCs by mail and cable only. At that time in the mid-1940s, telex just recently debuted and was not yet used for LC issuance purposes, nor were color shaded standardized forms available for use until the 1970s when "Issuing of documentary credits standard forms" (ICC Publication No. 268) became available. SWIFT, founded in 1973, had also not yet come into existence. ■





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# STATISTICS

## US BANKS

**DCW reports data on top US banks in terms of LC activity. Net Financial LCs and Net Performance LCs reflect net after subtracting respective amounts conveyed to others. Net LCs reflect totals for Net Financial LCs, Net Performance LCs and Commercial & Similar LCs. Note: Numbers are in US\$ 1,000s.**

## 4TH QUARTER 2021

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
1.	CITIBANK NA	SIOUX FALLS	SD	67,137,000	10,877,000	78,014,000	5,906,000	83,920,000
2.	WELLS FARGO BK NA	SIOUX FALLS	SD	68,458,000	4,460,000	72,918,000	1,732,000	74,650,000
3.	JPMORGAN CHASE BK NA	COLUMBUS	OH	64,135,000	4,161,000	68,296,000	4,816,000	73,112,000
4.	BANK OF AMER NA	CHARLOTTE	NC	31,510,000	3,987,000	35,497,000	1,469,000	36,966,000
5.	U S BK NA	CINCINNATI	OH	8,483,154	1,122,273	9,605,427	926,805	10,532,232
6.	PNC BK NA	WILMINGTON	DE	7,658,272	1,644,928	9,303,200	253,638	9,556,838
7.	HSBC BK USA NA	TYSONS	VA	5,337,083	2,961,402	8,298,485	378,270	8,676,755
8.	T D BK NA	WILMINGTON	DE	7,555,111	479,707	8,034,818	51,651	8,086,469
9.	TRUIST BK	CHARLOTTE	NC	4,414,000	504,000	4,918,000	39,000	4,957,000
10.	MUFG UNION BK NA	SAN FRANCISCO	CA	3,551,217	334,293	3,885,510	17,881	3,903,391
11.	GOLDMAN SACHS BK USA	NEW YORK	NY	3,372,000	293,000	3,665,000	0	3,665,000
12.	SILICON VALLEY BK	SANTA CLARA	CA	3,278,000	105,000	3,383,000	77,000	3,460,000
13.	COMERICA BK	DALLAS	TX	3,179,000	216,000	3,395,000	44,000	3,439,000
14.	STATE STREET B&TC	BOSTON	MA	3,237,000	0	3,237,000	0	3,237,000
15.	KEYBANK NA	CLEVELAND	OH	2,718,849	262,680	2,981,529	79,008	3,060,537
16.	MORGAN STANLEY BK NA	SALT LAKE CITY	UT	2,904,000	0	2,904,000	0	2,904,000
17.	BMO HARRIS BK NA	CHICAGO	IL	2,231,999	207,759	2,439,758	119,782	2,559,540
18.	EAST WEST BK	PASADENA	CA	2,097,404	25,207	2,122,611	78,878	2,201,489
19.	MANUFACTURERS&TRADRS	BUFFALO	NY	1,735,323	416,272	2,151,595	31,981	2,183,576
20.	CITIZENS BK NA	PROVIDENCE	RI	1,831,961	77,733	1,909,694	88,036	1,997,730
21.	FIFTH THIRD BK NA	CINCINNATI	OH	1,172,173	775,317	1,947,490	5,497	1,952,987
22.	BANK OF NY MELLON	NEW YORK	NY	1,761,000	54,000	1,815,000	56,000	1,871,000
23.	REGIONS BK	BIRMINGHAM	AL	1,403,000	295,000	1,698,000	97,000	1,795,000
24.	NORTHERN TC	CHICAGO	IL	1,546,315	91,169	1,637,484	69,566	1,707,050
25.	BANK OF THE WEST	SAN FRANCISCO	CA	1,025,093	293,583	1,318,676	90,803	1,409,479
26.	CAPITAL ONE NA	MC LEAN	VA	1,183,107	27,441	1,210,548	11,052	1,221,600
27.	FIRST REPUBLIC BK	SAN FRANCISCO	CA	1,133,858	0	1,133,858	0	1,133,858
28.	CITY NB	LOS ANGELES	CA	750,109	67,621	817,730	101,343	919,073
29.	SANTANDER BK NA	WILMINGTON	DE	640,932	226,410	867,342	4,105	871,447
30.	ZIONS BC NA	SALT LAKE CITY	UT	589,032	240,922	829,954	20,811	850,765
31.	FIRST HORIZON BK	MEMPHIS	TN	741,073	65,668	806,741	3,439	810,180
32.	BOKF NA	TULSA	OK	699,744	30,754	730,498	1,747	732,245
33.	HUNTINGTON NB	COLUMBUS	OH	555,265	138,356	693,621	36,585	730,206
34.	SIGNATURE BK	NEW YORK	NY	701,208	0	701,208	19,376	720,584
35.	CIBC BK USA	CHICAGO	IL	586,038	93,691	679,729	15,108	694,837
36.	MIZUHO BK USA	NEW YORK	NY	420,520	88,550	509,070	0	509,070
37.	COMMERCE BK	KANSAS CITY	MO	308,753	109,575	418,328	5,304	423,632
38.	DEUTSCHE BK TC AMERICAS	NEW YORK	NY	352,000	49,000	401,000	7,000	408,000
39.	CIT BK NA	PASADENA	CA	397,722	0	397,722	2,531	400,253
40.	HANCOCK WHITNEY BK	GULFPORT	MS	331,060	60,845	391,905	0	391,905
41.	UMB BK NA	KANSAS CITY	MO	365,030	0	365,030	2,754	367,784
42.	MORGAN STANLEY PRIV BK	PURCHASE	NY	363,000	0	363,000	0	363,000
43.	TEXAS CAP BK NA	DALLAS	TX	294,399	62,104	356,503	1,169	357,672
44.	POPPY BK	SANTA ROSA	CA	346,129	0	346,129	0	346,129
45.	PACIFIC WESTERN BK	BEVERLY HILLS	CA	305,249	39,015	344,264	1,293	345,557
46.	FULTON BK NA	LANCASTER	PA	134,070	146,640	280,710	54,196	334,906
47.	CADENCE BK	TUPELO	MS	292,332	29,009	321,341	9,984	331,325
48.	VALLEY NB	PASSAIC	NJ	277,845	33,440	311,285	7,603	318,888
49.	BANK LEUMI USA	NEW YORK	NY	236,117	2,876	238,993	60,512	299,505
50.	UNITED FIDELITY BK FSB	EVANSVILLE	IN	294,508	0	294,508	0	294,508



Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
51.	NEW YORK CMNTY BK	HICKSVILLE	NY	270,592	3,283	273,875	17,141	291,016
52.	ISRAEL DISCOUNT BK OF NY	NEW YORK	NY	116,764	2,030	118,794	171,319	290,113
53.	PINNACLE BK	NASHVILLE	TN	193,117	84,833	277,950	0	277,950
54.	CATHAY BK	LOS ANGELES	CA	237,612	28	237,640	16,652	254,292
55.	ASSOCIATED BK NA	GREEN BAY	WI	115,167	115,494	230,661	5,992	236,653
56.	FROST BK	SAN ANTONIO	TX	156,248	57,761	214,009	9,180	223,189
57.	WEBSTER BK NA	WATERBURY	CT	144,358	20,440	164,798	58,175	222,973
58.	TRUSTMARK NB	JACKSON	MS	187,378	35,102	222,480	0	222,480
59.	WESTERN ALLI BK	PHOENIX	AZ	147,116	49,316	196,432	1,550	197,982
60.	FIRST NB OF PA	GREENVILLE	PA	194,097	0	194,097	0	194,097
61.	FIRST HAWAIIAN BK	HONOLULU	HI	172,639	9,808	182,447	3,307	185,754
62.	SYNOVUS BK	COLUMBUS	GA	85,059	93,180	178,239	5,224	183,463
63.	BANK OF HOPE	LOS ANGELES	CA	125,361	776	126,137	56,333	182,470
64.	UNITED BK	FAIRFAX	VA	68,379	96,364	164,743	14,774	179,517
65.	STERLING NB	PEARL RIVER	NY	152,475	20,066	172,541	5,613	178,154
66.	ALLY BK	SANDY	UT	176,000	2,000	178,000	0	178,000
67.	PEOPLES UNITED BK NA	BRIDGEPORT	CT	112,841	43,098	155,939	4,230	160,169
68.	PREFERRED BK	LOS ANGELES	CA	0	149,821	149,821	8,759	158,580
69.	FIRSTBANK PR	SAN JUAN	PR	4,342	0	4,342	151,140	155,482
70.	BNY MELLON NA	PITTSBURGH	PA	153,000	2,000	155,000	0	155,000
71.	BANK OF HAWAII	HONOLULU	HI	134,917	250	135,167	18,956	154,123
72.	FIRST CMNTY BK	BLUEFIELD	VA	151,175	2,542	153,717	0	153,717
73.	ATLANTIC UNION BK	RICHMOND	VA	41,400	111,106	152,506	0	152,506
74.	WASHINGTON FED BK NA	SEATTLE	WA	134,048	0	134,048	0	134,048
75.	FIRST NB OF OMAHA	OMAHA	NE	103,342	26,071	129,413	79	129,492
76.	FIRST MW BK	CHICAGO	IL	88,870	28,051	116,921	5,928	122,849
77.	GLACIER BK	KALISPELL	MT	28,353	88,554	116,907	3,529	120,436
78.	BERKSHIRE BK	PITTSFIELD	MA	547	0	547	116,707	117,254
79.	FIRST-CITIZENS B&TC	RALEIGH	NC	92,292	23,780	116,072	576	116,648
80.	BRIDGEWATER BK	ST LOUIS PARK	MN	28,053	76,129	104,182	12,323	116,505
81.	UBS BK USA	SALT LAKE CITY	UT	116,502	0	116,502	0	116,502
82.	ARVEST BK	FAYETTEVILLE	AR	85,067	28,000	113,067	2,751	115,818
83.	EAGLEBANK	BETHESDA	MD	37,442	75,067	112,509	0	112,509
84.	CENTENNIAL BK	CONWAY	AR	93,413	17,352	110,765	0	110,765
85.	UMPQUA BK	ROSEBURG	OR	92,114	16,862	108,976	0	108,976
86.	BANKUNITED NA	MIAMI LAKES	FL	82,933	10,016	92,949	15,792	108,741
87.	FLAGSTAR BK FSB	TROY	MI	3,726	103,211	106,937	50	106,987
88.	PROSPERITY BK	EL CAMPO	TX	69,622	32,350	101,972	0	101,972
89.	PLAINSCAPITAL BK	UNIVERSITY PK	TX	71,558	24,774	96,332	0	96,332
90.	CITY NB OF FL	MIAMI	FL	57,554	37,008	94,562	48	94,610
91.	WILSON B&TC	LEBANON	TN	15,324	75,605	90,929	0	90,929
92.	RENASANT BK	TUPELO	MS	89,830	0	89,830	0	89,830
93.	HANMI BK	LOS ANGELES	CA	49,137	150	49,287	39,261	88,548
94.	S&T BK	INDIANA	PA	26,555	60,780	87,335	119	87,454
95.	WASHINGTON TR BK	SPOKANE	WA	34,357	52,310	86,667	460	87,127
96.	WILMINGTON SVG FD SOC	WILMINGTON	DE	44,579	42,499	87,078	13	87,091
97.	TRADITION CAP BK	WAYZATA	MN	5,356	81,358	86,714	0	86,714
98.	HINSDALE B&TC NA	HINSDALE	IL	75,789	2,193	77,982	2,071	80,053
99.	FIRSTBANK	NASHVILLE	TN	926	76,501	77,427	0	77,427
100.	ENTERPRISE B&TC	CLAYTON	MO	36,530	38,916	75,446	1,868	77,314
101.	MIDFIRST BK	OKLA CITY	OK	56,983	20,159	77,142	0	77,142
102.	BANC OF CA NA	SANTA ANA	CA	6,822	69,649	76,471	500	76,971
103.	OLD NB	EVANSVILLE	IN	53,647	22,079	75,726	0	75,726
104.	CENTRAL TR BK	JEFFERSON CITY	MO	40,345	27,384	67,729	6,206	73,935
105.	CTBC BK CORP USA	LOS ANGELES	CA	0	72,124	72,124	1,703	73,827

# STATISTICS

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
106.	ORIENTAL BK	SAN JUAN	PR	3,602	20,258	23,860	48,196	72,056
107.	SOUTHSTATE BK NA	WINTER HAVEN	FL	48,644	23,180	71,824	0	71,824
108.	SANDY SPRING BK	OLNEY	MD	8,785	61,857	70,642	0	70,642
109.	BREMER BK NA	SAINT PAUL	MN	39,327	31,070	70,397	0	70,397
110.	VERITEX CMNTY BK	DALLAS	TX	65,881	0	65,881	0	65,881
111.	EASTERN BK	BOSTON	MA	29,735	35,817	65,552	50	65,602
112.	HAPPY ST BK	HAPPY	TX	62,829	0	62,829	0	62,829
113.	SERVISFIRST BK	HOMEWOOD	AL	15	61,856	61,871	0	61,871
114.	TRISTATE CAP BK	PITTSBURGH	PA	29,115	31,684	60,799	38	60,837
115.	WOODFOREST NB	WOODLANDS	TX	7,131	0	7,131	53,678	60,809
116.	WINTRUST BK NA	CHICAGO	IL	53,656	5,656	59,312	1,341	60,653
117.	BYLINE BK	CHICAGO	IL	37,875	21,267	59,142	0	59,142
118.	PEOPLES SCTY B&TC	SCRANTON	PA	35	326	361	57,893	58,254
119.	INTRUST BK NA	WICHITA	KS	54,270	3,712	57,982	0	57,982
120.	FIRST INTRST BK	BILLINGS	MT	2,732	48,378	51,110	6,435	57,545
121.	ALLIANCE BK	LAKE CITY	MN	52,062	4,528	56,590	0	56,590
122.	MID PENN BK	MILLERSBURG	PA	3,400	52,209	55,609	0	55,609
123.	NBT BK NA	NORWICH	NY	43,180	11,953	55,133	0	55,133
124.	BANCFIRST	OKLA CITY	OK	51,618	0	51,618	0	51,618
125.	CROSSFIRST BK	LEAWOOD	KS	35,043	14,070	49,113	2,000	51,113
126.	METROPOLITAN CMRL BK	NEW YORK	NY	32,207	17,298	49,505	482	49,987
127.	UNIVEST B&TC	SOUDERTON	PA	23,084	24,933	48,017	387	48,404
128.	AMARILLO NB	AMARILLO	TX	0	48,335	48,335	0	48,335
129.	WOORI AMER BK	NEW YORK	NY	46,528	0	46,528	1,078	47,606
130.	FIRST FARMERS & MRCH B	COLUMBIA	TN	38,242	7,735	45,977	0	45,977
131.	MECHANICS BK	WALNUT CREEK	CA	30,802	14,929	45,731	0	45,731
132.	FIRSTRUST SVG BK	CONSHOHCKN	PA	40,739	4,854	45,593	0	45,593
133.	NORTHWEST BK	WARREN	PA	39,482	6,040	45,522	0	45,522
134.	INVESTORS BK	SHORT HILLS	NJ	17,057	28,141	45,198	0	45,198
135.	WHEATON B&TC NA	WHEATON	IL	32,093	11,509	43,602	1,446	45,048
136.	CITIZENS BUS BK	ONTARIO	CA	32,741	11,216	43,957	958	44,915
137.	PACIFIC PREMIER BK	IRVINE	CA	38,430	4,825	43,255	0	43,255
138.	FIRSTBANK	LAKEWOOD	CO	8,518	33,958	42,476	517	42,993
139.	GREAT WESTERN BK	SIOUX FALLS	SD	42,838	12	42,850	0	42,850
140.	COMMUNITY BK NA	CANTON	NY	19,623	22,979	42,602	82	42,684
141.	BANK OF GUAM	HAGATNA	GU	0	38,778	38,778	2,649	41,427
142.	FIRST AMER BK	ELK GROVE VIL	IL	38,444	2,814	41,258	42	41,300
143.	FIRST FNCL BK	CINCINNATI	OH	23,764	11,427	35,191	5,875	41,066
144.	CACHE VALLEY BK	LOGAN	UT	40,816	0	40,816	0	40,816
145.	CARROLLTON BK	CARROLLTON	IL	40,706	0	40,706	0	40,706
146.	DOLLAR BK FSB	PITTSBURGH	PA	18,456	21,881	40,337	0	40,337
147.	SUSSER BK	DALLAS	TX	40,330	0	40,330	0	40,330
148.	PROVIDENT BK	JERSEY CITY	NJ	26,227	13,084	39,311	0	39,311
149.	NORTHBROOK B&TC NA	NORTHBROOK	IL	34,318	3,657	37,975	1,118	39,093
150.	WESTSTAR BK	EL PASO	TX	38,510	0	38,510	0	38,510
151.	SAFRA NB OF NY	NEW YORK	NY	37,976	0	37,976	170	38,146
152.	SIMMONS BK	PINE BLUFF	AR	37,668	0	37,668	0	37,668
153.	FIRST FNCL BK NA	ABILENE	TX	0	37,548	37,548	0	37,548
154.	FIRST INTL BK&TC	WATFORD CITY	ND	37,124	0	37,124	0	37,124
155.	INTERNATIONAL BK CMRC	LAREDO	TX	12,140	23,928	36,068	446	36,514
156.	AMERIS BK	ATLANTA	GA	36,184	0	36,184	0	36,184
157.	LEGACY BK	COLWICH	KS	35,890	0	35,890	0	35,890
158.	AMERICAN BUS BK	LOS ANGELES	CA	31,990	505	32,495	3,219	35,714
159.	WILMINGTON SVG BK	WILMINGTON	OH	34,923	0	34,923	0	34,923
160.	LAKE CITY BK	WARSAW	IN	34,746	0	34,746	0	34,746

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161.	FIRST CITIZENS NB	DYERSBURG	TN	0	0	0	34,378	34,378
162.	JOHNSON BK	RACINE	WI	13,257	21,081	34,338	0	34,338
163.	INTERNATIONAL BK CMRC	OKLA CITY	OK	31,571	2,009	33,580	0	33,580
164.	OLD SECOND NB	AURORA	IL	17,858	15,430	33,288	0	33,288
165.	CHOICE FNCL GRP	FARGO	ND	33,274	0	33,274	0	33,274
166.	1ST SOURCE BK	SOUTH BEND	IN	19,106	5,551	24,657	8,531	33,188
167.	MERCANTILE BK OF MI	GRAND RAPIDS	MI	26,878	6,231	33,109	0	33,109
168.	PINNACLE BK	LINCOLN	NE	33,076	0	33,076	0	33,076
169.	FIRST UNITED B&TC	DURANT	OK	19,426	13,323	32,749	0	32,749
170.	COMMUNITY TR BK INC	PIKEVILLE	KY	23,483	9,193	32,676	0	32,676
171.	BUSEY BK	CHAMPAIGN	IL	9,740	20,081	29,821	2,731	32,552
172.	AMERANT BK NA	CORAL GABLES	FL	183	13,714	13,897	18,210	32,107
173.	CENTRAL B&TC	LEXINGTON	KY	12,038	19,745	31,783	0	31,783
174.	FIRSTIER BK	KIMBALL	NE	31,372	0	31,372	0	31,372
175.	PEGASUS BK	DALLAS	TX	31,223	0	31,223	0	31,223
176.	WESBANCO BK	WHEELING	WV	8,076	22,819	30,895	0	30,895
177.	FIRST COMMONWEALTH BK	INDIANA	PA	18,824	10,663	29,487	975	30,462
178.	STOCK YARDS B&TC	LOUISVILLE	KY	21,599	6,775	28,374	2,080	30,454
179.	FIRST MRCHS BK	MUNCIE	IN	16,130	14,183	30,313	140	30,453
180.	LAKE FOREST B&TC NA	LAKE FOREST	IL	22,482	6,838	29,320	894	30,214
181.	INDEPENDENT FINANCL BK	MCKINNEY	TX	22,533	7,474	30,007	0	30,007
182.	FARMERS & MRCH BK	LONG BEACH	CA	20,649	9,182	29,831	0	29,831
183.	OCEAN BK	MIAMI	FL	18,136	7,244	25,380	4,048	29,428
184.	UNITED CMNTY BK	GREENVILLE	SC	18,890	10,422	29,312	0	29,312
185.	MIDWESTONE BK	IOWA CITY	IA	21,229	6,966	28,195	0	28,195
186.	MIDWEST BANKCENTRE	SAINT LOUIS	MO	28,016	0	28,016	0	28,016
187.	FIVE POINTS BK	GRAND ISLAND	NE	14,647	13,150	27,797	0	27,797
188.	PIONEER BK	ALBANY	NY	0	27,699	27,699	0	27,699
189.	ORIGIN BK	CHOUDRANT	LA	27,678	0	27,678	0	27,678
190.	RELIANT BK	BRENTWOOD	TN	27,137	281	27,418	0	27,418
191.	MERIDIAN BK	MALVERN	PA	0	25,986	25,986	0	25,986
192.	CONNECTONE BK	ENGLEWD CLFS	NJ	25,271	0	25,271	0	25,271
193.	BROOKLINE BK	BROOKLINE	MA	3,899	15,982	19,881	5,219	25,100
194.	FARMERS NB OF DANVILLE	DANVILLE	KY	10	24,980	24,990	0	24,990
195.	DAKOTA CMNTY B&TC NA	HEBRON	ND	24,919	0	24,919	0	24,919
196.	FIVE STAR BK	WARSAW	NY	4,854	9,807	14,661	10,253	24,914
197.	ROCKLAND TC	ROCKLAND	MA	24,412	0	24,412	0	24,412
198.	FREMONT BK	FREMONT	CA	23,809	0	23,809	0	23,809
199.	FIRST WESTERN TR BK	DENVER	CO	0	23,611	23,611	0	23,611
200.	MVB BK INC	FAIRMONT	WV	0	0	0	23,600	23,600
201.	COLUMBIA ST BK	TACOMA	WA	19,278	4,119	23,397	0	23,397
202.	FARMRS&MERCHANTS TR CH	CHAMBRSBURG	PA	12,240	11,044	23,284	0	23,284
203.	ENTERPRISE B&TC	LOWELL	MA	9,371	13,793	23,164	0	23,164
204.	APPLE BK FOR SVG	NEW YORK	NY	23,139	0	23,139	0	23,139
205.	SUMMIT CMNTY BK	MOOREFIELD	WV	7,201	15,659	22,860	0	22,860
206.	PEOPLES NB	MT VERNON	IL	22,792	0	22,792	0	22,792
207.	CENTIER BK	MERRILLVILLE	IN	22,776	0	22,776	0	22,776
208.	RAYMOND JAMES BK	ST PETERSBURG	FL	18,368	4,290	22,658	0	22,658
209.	KIRKPATRICK BK	EDMOND	OK	377	22,222	22,599	0	22,599
210.	NBC OKLAHOMA	OKLA CITY	OK	3,160	19,221	22,381	0	22,381
211.	STOCKMAN BK OF MT	MILES CITY	MT	22,329	0	22,329	0	22,329
212.	CAMBRIDGE SVG BK	CAMBRIDGE	MA	11,469	1,232	12,701	9,606	22,307
213.	UNION B&TC	LINCOLN	NE	22,109	0	22,109	0	22,109
214.	INDUSTRIAL & CMRL BK	NEW YORK	NY	21,965	0	21,965	120	22,085
215.	TRI CTY BK	CHICO	CA	7,331	14,540	21,871	0	21,871

# STATISTICS

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216.	BANNER BK	WALLA WALLA	WA	14,907	6,461	21,368	462	21,830
217.	BEAL BK USA	LAS VEGAS	NV	21,678	0	21,678	0	21,678
218.	PONCE BK	BRONX	NY	21,495	0	21,495	0	21,495
219.	FIRST BK	CREVE COEUR	MO	18,046	3,397	21,443	0	21,443
220.	QNB BK	QUAKERTOWN	PA	6,632	14,689	21,321	0	21,321
221.	FIRST BK	SOUTH PINES	NC	15,500	5,790	21,290	0	21,290
222.	WATERSTONE BK	WAUWATOSA	WI	45	1,334	1,379	19,805	21,184
223.	ALLEGIANCE BK	HOUSTON	TX	17,560	3,151	20,711	449	21,160
224.	BANCO POPULAR DE PR	SAN JUAN	PR	16,000	2,000	18,000	3,000	21,000
225.	NATIONAL EXCHANGE B&T	FOND DU LAC	WI	20,617	376	20,993	0	20,993
226.	STATE BK OF SOUTHERN UT	CEDAR CITY	UT	4,675	16,266	20,941	0	20,941
227.	OLD PLANK TRAIL CMTY BK	NEW LENOX	IL	13,486	7,311	20,797	0	20,797
228.	MABREY BK	BIXBY	OK	9,469	11,060	20,529	0	20,529
229.	EQUITY BK	ANDOVER	KS	20,455	0	20,455	0	20,455
230.	CUSTOMERS BK	PHOENIXVILLE	PA	5,166	5,822	10,988	9,184	20,172
231.	FIRST NB CENTRAL TX	WACO	TX	20,122	0	20,122	0	20,122
232.	FIRST ST BK	WINCHESTER	OH	20,110	0	20,110	0	20,110
233.	NICOLET NB	GREEN BAY	WI	12,931	7,145	20,076	0	20,076
234.	OCEANFIRST BK NA	TOMS RIVER	NJ	0	19,018	19,018	1,040	20,058
235.	ORRSTOWN BK	SHIPPENSBURG	PA	0	19,724	19,724	0	19,724
236.	BROADWAY NB	SAN ANTONIO	TX	19,714	0	19,714	0	19,714
237.	VILLAGE B&TC NA	ARLINGTON HTS	IL	10,752	8,922	19,674	0	19,674
238.	LAKELAND BK	NEWFOUNDLD	NJ	14,929	4,557	19,486	0	19,486
239.	BANKERS TC	DES MOINES	IA	18,104	1,271	19,375	56	19,431
240.	FIRST SECURITY BK	SEARCY	AR	19,430	0	19,430	0	19,430
241.	ATLANTIC CAP BK NA	ATLANTA	GA	8,711	0	8,711	10,645	19,356
242.	FARMERS & MRCH BK CN CA	LODI	CA	17,340	1,973	19,313	0	19,313
243.	HILLTOP NB	CASPER	WY	19,259	0	19,259	0	19,259
244.	BRYN MAWR TC	BRYN MAWR	PA	14,921	4,181	19,102	0	19,102
245.	M1 BK	CLAYTON	MO	0	19,063	19,063	0	19,063
246.	MINNWEST BK	REDWOOD FLS	MN	19,009	0	19,009	0	19,009
247.	CENTRAL BK	PROVO	UT	0	18,979	18,979	0	18,979
248.	FIRST BK	STRASBURG	VA	61	18,843	18,904	0	18,904
249.	CAMBRIDGE TC	CAMBRIDGE	MA	0	17,087	17,087	1,793	18,880
250.	PEAPACK GLADSTONE BK	BEDMINSTER	NJ	15,028	3,744	18,772	0	18,772
251.	AMALGAMATED BK	NEW YORK	NY	18,752	0	18,752	0	18,752
252.	PENN CMNTY BK	DOYLESTOWN	PA	0	18,638	18,638	0	18,638
253.	ANB BK	DENVER	CO	3,192	15,383	18,575	0	18,575
254.	FIRST B&T	BROOKINGS	SD	4,878	13,470	18,348	0	18,348
255.	LEGACY BK & TR CO	MOUNTN GRVE	MO	18,311	0	18,311	0	18,311
256.	INVESTAR BK NA	BATON ROUGE	LA	15,375	2,884	18,259	0	18,259
257.	PARK NB	NEWARK	OH	11,698	6,518	18,216	0	18,216
258.	BELL BK	FARGO	ND	16,124	1,275	17,399	728	18,127
259.	COMMUNITYBANK TX NA	BEAUMONT	TX	18,109	0	18,109	0	18,109
260.	REPUBLIC BANK	PHILADELPHIA	PA	17,975	0	17,975	0	17,975
261.	BANK OF WA	WASHINGTON	MO	9,343	8,593	17,936	0	17,936
262.	SMARTBANK	PIGEON FORGE	TN	13,818	4,050	17,868	0	17,868
263.	BANK OF COLORADO	FORT COLLINS	CO	17,481	0	17,481	0	17,481
264.	WEST BK	W DES MOINES	IA	17,391	0	17,391	0	17,391
265.	PREMIER BK	MAPLEWOOD	MN	0	17,316	17,316	0	17,316
266.	COMMERCIAL BK	HARROGATE	TN	2,571	14,648	17,219	0	17,219
267.	FNCB BK	DUNMORE	PA	33	17,146	17,179	0	17,179
268.	AMERICAN FNB	HOUSTON	TX	13,980	991	14,971	2,137	17,108
269.	SECURITY BK OF KC	KANSAS CITY	KS	8,548	102	8,650	8,446	17,096
270.	FIRST CITIZENS CMNTY BK	MANSFIELD	PA	16,365	718	17,083	0	17,083

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
271.	MANUFACTURERS BK	LOS ANGELES	CA	15,349	285	15,634	1,371	17,005
272.	JEFFERSON BK	SAN ANTONIO	TX	13,647	3,247	16,894	0	16,894
273.	ESSA BK & TR	STROUDSBURG	PA	0	16,883	16,883	0	16,883
274.	FIRST BUS BK	MADISON	WI	16,815	0	16,815	0	16,815
275.	BANK OZK	LITTLE ROCK	AR	9,933	6,827	16,760	0	16,760
276.	MAPLEMARK BK	DALLAS	TX	16,728	2	16,730	0	16,730
277.	CNB BK	CLEARFIELD	PA	4,216	12,470	16,686	0	16,686
278.	TEXAS HERITAGE NB	DAINGERFIELD	TX	20	16,550	16,570	0	16,570
279.	TBK BK SSB	DALLAS	TX	12,200	4,299	16,499	0	16,499
280.	HERITAGE BK OF CMRC	SAN JOSE	CA	16,468	0	16,468	0	16,468
281.	FORTIFI BK	BERLIN	WI	2,258	13,828	16,086	0	16,086
282.	ST CHARLES B&TC NA	SAINT CHARLES	IL	7,928	8,149	16,077	0	16,077
283.	FARMERS & MRCH SVG BK	MANCHESTER	IA	16,072	0	16,072	0	16,072
284.	BANK OF CASTILE	CASTILE	NY	6,850	9,193	16,043	0	16,043
285.	CORTRUST BK NA	MITCHELL	SD	15,909	0	15,909	0	15,909
286.	FIRST DAKOTA NB	YANKTON	SD	15,873	0	15,873	0	15,873
287.	FIRST UNITED B&TR	OAKLAND	MD	0	15,711	15,711	0	15,711
288.	VANTAGE BK TX	SAN ANTONIO	TX	0	15,654	15,654	0	15,654
289.	EMIGRANT BK	NEW YORK	NY	15,436	0	15,436	0	15,436
290.	SECURITY NB OF OMAHA	OMAHA	NE	10,377	4,971	15,348	0	15,348
291.	VIST BK	WYOMISSING	PA	1,607	13,663	15,270	0	15,270
292.	JUNIATA VALLEY BK	MIFFLINTOWN	PA	3,708	2,016	5,724	9,475	15,199
293.	TROY B&TC	TROY	AL	15,198	0	15,198	0	15,198
294.	STATE BK OF INDIA CA	LOS ANGELES	CA	15,188	0	15,188	0	15,188
295.	BANKPLUS	BELZONI	MS	1,974	13,154	15,128	0	15,128
296.	CITIZENS & FARMERS BK	WEST POINT	VA	15,108	0	15,108	0	15,108
297.	STERLING BK	POPLAR BLUFF	MO	489	14,407	14,896	0	14,896
298.	ONE CMNTY BK	OREGON	WI	3,250	11,474	14,724	0	14,724
299.	PEOPLESBK CODORUS VAL	YORK	PA	1,782	12,838	14,620	68	14,688
300.	TRI CITY NB	OAK CREEK	WI	13,591	0	13,591	1,053	14,644
301.	FIRST FOUND BK	IRVINE	CA	14,576	0	14,576	0	14,576
302.	EXCHANGE BK	SANTA ROSA	CA	0	14,567	14,567	0	14,567
303.	JOHN MARSHALL BK	RESTON	VA	2,249	12,236	14,485	0	14,485
304.	ONE FL BK	ORLANDO	FL	14,460	0	14,460	0	14,460
305.	FIRST MID B&TC NA	MATTOON	IL	8,616	5,550	14,166	237	14,403
306.	FARMERS BK	PORTLAND	TN	0	14,241	14,241	0	14,241
307.	INTERNATIONAL BK CMRC	BROWNSVILLE	TX	11,006	3,209	14,215	0	14,215
308.	THIRD COAST BK SSB	HUMBLE	TX	10,526	3,618	14,144	0	14,144
309.	MIDLAND ST BK	EFFINGHAM	IL	3,363	10,666	14,029	0	14,029
310.	NATIONAL BK BLACKSBURG	BLACKSBURG	VA	11,864	2,120	13,984	0	13,984
311.	HOME FED BK OF TN	KNOXVILLE	TN	6,149	7,832	13,981	0	13,981
312.	IXONIA BK	IXONIA	WI	6,546	7,325	13,871	0	13,871
313.	FIRST GUARANTY BK	HAMMOND	LA	0	13,787	13,787	0	13,787
314.	UNITED CMNTY BK	CHATHAM	IL	9,974	3,765	13,739	0	13,739
315.	CALIFORNIA BK OF CMRC	WALNUT CREEK	CA	0	0	0	13,707	13,707
316.	CASS CMRL BK	DES PERES	MO	12,859	0	12,859	771	13,630
317.	AMERICAN BK	ALLENTOWN	PA	0	4,380	4,380	9,238	13,618
318.	GREAT SOUTHERN BK	REEDS SPRING	MO	7,898	5,518	13,416	0	13,416
319.	BANK RHODE ISLAND	PROVIDENCE	RI	12,244	1,163	13,407	0	13,407
320.	SEACOAST NB	STUART	FL	7,452	5,828	13,280	0	13,280
321.	HOWARD BK	BALTIMORE	MD	13,277	0	13,277	0	13,277
322.	HORIZON BK	WAVERLY	NE	0	0	0	13,233	13,233
323.	SOUTHERN MI B&TC	COLDWATER	MI	1,707	11,489	13,196	0	13,196
324.	AMERISERV FNCL BK	JOHNSTOWN	PA	9,078	4,052	13,130	0	13,130
325.	SCHAUMBURG B&TC NA	SCHAUMBURG	IL	11,969	1,101	13,070	0	13,070



Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
326.	HEARTLAND B&TC	BLOOMINGTON	IL	3,511	9,449	12,960	0	12,960
327.	FEDERATION BK	WASHINGTON	IA	12,942	0	12,942	0	12,942
328.	PEOPLES BK	MARIETTA	OH	8,358	4,447	12,805	0	12,805
329.	EPHRATA NB	EPHRATA	PA	2,808	9,948	12,756	0	12,756
330.	SOUTHSIDE BK	TYLER	TX	12,708	0	12,708	0	12,708
331.	HORIZON BK	MICHIGAN CITY	IN	12,676	0	12,676	0	12,676
332.	AXOS BK	SAN DIEGO	CA	12,640	0	12,640	0	12,640
333.	FIRST B&T	LUBBOCK	TX	9,898	2,269	12,167	460	12,627
334.	STIFEL B&T	SAINT LOUIS	MO	11,318	1,300	12,618	0	12,618
335.	AMERICAN NB	OMAHA	NE	12,590	0	12,590	0	12,590
336.	AMERICAN BK NA	CORPS CHRISTI	TX	12,562	0	12,562	0	12,562
337.	RED RIVER BK	ALEXANDRIA	LA	12,548	0	12,548	0	12,548
338.	SIGNATURE BK	ROSEMONT	IL	8,603	3,937	12,540	0	12,540
339.	CITY BK	LUBBOCK	TX	12,418	0	12,418	0	12,418
340.	FIRST CITIZENS BK	MASON CITY	IA	392	0	392	11,923	12,315
341.	BANK OF STOCKTON	STOCKTON	CA	9,342	2,955	12,297	0	12,297
342.	MERCHANTS BK NA	WINONA	MN	12,285	0	12,285	0	12,285
343.	FIELDPOINT PRIV B&TC	GREENWICH	CT	12,247	0	12,247	0	12,247
344.	BANK OF SPRINGFIELD	SPRINGFIELD	IL	8,797	3,432	12,229	0	12,229
345.	BANK OF SOUTHERN CA NA	SAN DIEGO	CA	9,540	2,670	12,210	0	12,210
346.	PEOPLES BK	MUNSTER	IN	6,297	5,905	12,202	0	12,202
347.	BANESCO USA	CORAL GABLES	FL	8,984	1,150	10,134	2,004	12,138
348.	FIRST NB ALASKA	ANCHORAGE	AK	3,071	9,063	12,134	0	12,134
349.	PROFESSIONAL BK	CORAL GABLES	FL	9,916	2,144	12,060	35	12,095
350.	COMMUNITY NB	MIDLAND	TX	850	11,235	12,085	0	12,085
351.	CITIZENS BK	MUKWONAGO	WI	1,912	10,132	12,044	0	12,044
352.	CENTRIC BK	HARRISBURG	PA	1,031	10,979	12,010	34	12,044
353.	COMMERCE BK	LAREDO	TX	300	11,436	11,736	147	11,883
354.	AMERICAN BK OF MO	WELLSVILLE	MO	2,770	2,730	5,500	6,350	11,850
355.	WASHINGTON TR WESTRLY	WESTERLY	RI	9,008	2,836	11,844	0	11,844
356.	EMPRISE BK	WICHITA	KS	11,589	248	11,837	0	11,837
357.	LYONS NB	LYONS	NY	8,921	2,862	11,783	0	11,783
358.	SUNFLOWER BK NA	DENVER	CO	11,729	0	11,729	0	11,729
359.	AMERICAN SVG BK FSB	HONOLULU	HI	11,703	0	11,703	20	11,723
360.	BRYANT BK	TUSCALOOSA	AL	1,571	10,134	11,705	0	11,705
361.	MORTON CMNTY BK	MORTON	IL	6,571	5,125	11,696	0	11,696
362.	FIRST PREMIER BK	SIOUX FALLS	SD	11,620	0	11,620	0	11,620
363.	COLUMBIA BK	FAIR LAWN	NJ	0	0	0	11,444	11,444
364.	BESSEMER TC NA	NEW YORK	NY	11,441	0	11,441	0	11,441
365.	FIRST CAROLINA BK	ROCKY MOUNT	NC	11,435	0	11,435	0	11,435
366.	CONVERSE CTY BK	DOUGLAS	WY	6,066	5,327	11,393	0	11,393
367.	BTH BK NA	QUITMAN	TX	0	0	0	11,366	11,366
368.	REPUBLIC B&TC	LOUISVILLE	KY	6,551	4,754	11,305	0	11,305
369.	VIRGINIA NB	CHARLOTTSVIL	VA	5,924	5,276	11,200	0	11,200
370.	LIBERTYVILLE B&TC NA	LIBERTYVILLE	IL	10,035	1,119	11,154	0	11,154
371.	TRIAD BK	FRONTENAC	MO	9,056	2,066	11,122	0	11,122
372.	COUNTRY CLUB BK	KANSAS CITY	MO	11,095	0	11,095	0	11,095
373.	INTERBANK	OKLA CITY	OK	7,653	3,327	10,980	0	10,980
374.	BANGOR SVG BK	BANGOR	ME	3,489	5,116	8,605	2,361	10,966
375.	FIRST NORTHERN B&TC	PALMERTON	PA	196	10,767	10,963	0	10,963
376.	FRANSDEN B&T	LONSDALE	MN	2,645	6,111	8,756	2,168	10,924
377.	STIFEL BK	CLAYTON	MO	0	10,889	10,889	0	10,889
378.	PUEBLO B&TC	PUEBLO	CO	58	10,822	10,880	0	10,880
379.	PREMIER BK	YOUNGSTOWN	OH	0	10,852	10,852	0	10,852
380.	CORNERSTONE BK	SPENCER	MA	9,630	1,170	10,800	0	10,800

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
381.	LIVE OAK BKG CO	WILMINGTON	NC	10,753	0	10,753	0	10,753
382.	CAPSTAR BK	NASHVILLE	TN	4,137	6,485	10,622	0	10,622
383.	AMERICAN CMRL B&TC NA	OTTAWA	IL	0	10,594	10,594	0	10,594
384.	ALERUS FNCL NA	GRAND FORKS	ND	10,529	0	10,529	0	10,529
385.	INB NA	SPRINGFIELD	IL	9,217	1,223	10,440	80	10,520
386.	BANK OF CLARKE CTY	BERRYVILLE	VA	10,397	0	10,397	0	10,397
387.	GORHAM SVG BK	GORHAM	ME	0	10,366	10,366	0	10,366
388.	QUAD CITY B&TC	BETTENDORF	IA	10,350	0	10,350	0	10,350
389.	FIRST FED B&TC	SHERIDAN	WY	6,118	4,220	10,338	0	10,338
390.	LAKESIDE BK	CHICAGO	IL	6,159	4,160	10,319	0	10,319
391.	PEOPLESBANK	HOLYOKE	MA	6,451	3,796	10,247	0	10,247
392.	SOUTHERN FIRST BK	GREENVILLE	SC	10,224	0	10,224	0	10,224
393.	AMERICAN NB&TC	DANVILLE	VA	10,201	0	10,201	0	10,201
394.	TRADITIONS BK	YORK	PA	0	10,198	10,198	0	10,198
395.	MACATAWA BK	HOLLAND	MI	8,480	1,661	10,141	0	10,141
396.	DACOTA BK	ABERDEEN	SD	10,087	0	10,087	0	10,087
397.	CITIZENS & NORTHERN BK	WELLSBORO	PA	2,135	7,944	10,079	0	10,079
398.	KENNEBUNK SVG BK	KENNEBUNK	ME	0	10,030	10,030	0	10,030
399.	SUNWEST BK	SANDY	UT	0	9,864	9,864	0	9,864
400.	TEXAS B&TC	LONGVIEW	TX	9,645	177	9,822	0	9,822
401.	FIRST NB OK	OKLA CITY	OK	0	9,812	9,812	0	9,812
402.	GERMAN AMER BK	JASPER	IN	4,509	5,302	9,811	0	9,811
403.	FARMERS BK WINDSOR VA	WINDSOR	VA	0	9,767	9,767	0	9,767
404.	FIRST FARMERS B&TC	CONVERSE	IN	9,687	0	9,687	0	9,687
405.	POPULAR BK	NEW YORK	NY	9,460	0	9,460	220	9,680
406.	FIRST CMRL BK	JACKSON	MS	9,670	0	9,670	0	9,670
407.	CAPE COD FIVE CENTS SB	HYANNIS	MA	0	0	0	9,658	9,658
408.	PINNACLE BK	FORT WORTH	TX	9,634	0	9,634	0	9,634
409.	BARRINGTON B&TC NA	BARRINGTON	IL	8,679	928	9,607	0	9,607
410.	BANKWELL BK	NEW CANAAN	CT	0	9,599	9,599	0	9,599
411.	TRADITIONAL BK	MT STERLING	KY	3,895	5,661	9,556	0	9,556
412.	EVERTRUST BK	PASADENA	CA	0	9,413	9,413	93	9,506
413.	FIRSTCAPITAL BK OF TX NA	MIDLAND	TX	2,338	6,655	8,993	510	9,503
414.	HOMETRUST BK	ASHEVILLE	NC	9,496	0	9,496	0	9,496
415.	CITIZENS UNION BK	SHELBYVILLE	KY	0	9,416	9,416	0	9,416
416.	AMERICAN BK	BOZEMAN	MT	1,072	8,330	9,402	0	9,402
417.	WATERFORD BK NA	TOLEDO	OH	300	6,341	6,641	2,663	9,304
418.	FIRST COLUMBIA B&TC	BLOOMSBURG	PA	9,301	0	9,301	0	9,301
419.	DIME BK	HONESDALE	PA	9,300	0	9,300	0	9,300
420.	MACHIAS SVG BK	MACHIAS	ME	6,065	3,219	9,284	0	9,284
421.	WEST TX NB	MIDLAND	TX	9,282	0	9,282	0	9,282
422.	INDEPENDENT BK	GRAND RAPIDS	MI	4,023	5,185	9,208	0	9,208
423.	FARMERS ST BK	WATERLOO	IA	9,203	0	9,203	0	9,203
424.	KS STATEBANK	MANHATTAN	KS	9,172	0	9,172	0	9,172
425.	VALLEY REPUBLIC BK	BAKERSFIELD	CA	0	0	0	9,171	9,171
426.	CB&S BK	RUSSELLVILLE	AL	7	6,807	6,814	2,324	9,138
427.	ION BK	NAUGATUCK	CT	784	8,328	9,112	0	9,112
428.	ANDERSON BROS BK	MULLINS	SC	1,206	7,882	9,088	0	9,088
429.	BANK FIRST NA	MANITOWOC	WI	6,877	2,085	8,962	100	9,062
430.	ACNB BK	GETTYSBURG	PA	0	9,014	9,014	0	9,014
431.	MALVERN BK NA	PAOLI	PA	9,006	0	9,006	0	9,006
432.	WHITAKER BK	LEXINGTON	KY	950	8,030	8,980	0	8,980
433.	FVCBANK	FAIRFAX	VA	8,930	0	8,930	0	8,930
434.	FRANKLIN B&TC	FRANKLIN	KY	8,910	0	8,910	0	8,910
435.	CROWN BK	EDINA	MN	7,608	0	7,608	1,255	8,863

# STATISTICS

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
436.	MIDDLESEX SVG BK	NATICK	MA	8,846	0	8,846	0	8,846
437.	FIRST WESTERN B&TC	MINOT	ND	3,870	2,623	6,493	2,351	8,844
438.	INTERAUDI BK	NEW YORK	NY	0	8,792	8,792	0	8,792
439.	CANANDAIGUA NB&TC	CANANDAIGUA	NY	335	8,306	8,641	0	8,641
440.	REPUBLIC BK OF CHICAGO	OAK BROOK	IL	4,117	4,431	8,548	0	8,548
441.	FIRST ST CMNTY BK	FARMINGTON	MO	8,542	0	8,542	0	8,542
442.	WAYNE BK	HONESDALE	PA	0	8,462	8,462	0	8,462
443.	CFG CMNTY BK	LUTHERVILLE	MD	6,642	1,800	8,442	0	8,442
444.	GUARANTY BK	SPRINGFIELD	MO	4,043	4,387	8,430	0	8,430
445.	FIRST SAVINGS BK	JEFFERSONVIL	IN	8,403	0	8,403	0	8,403
446.	HORIZON BK SSB	AUSTIN	TX	8,383	0	8,383	0	8,383
447.	CALPRIVATE BK	LA JOLLA	CA	7,286	1,094	8,380	0	8,380
448.	GUARANTY B&TC NA	MT PLEASANT	TX	8,357	0	8,357	0	8,357
449.	CITYWIDE BKS	DENVER	CO	1,460	6,168	7,628	679	8,307
450.	CEDAR RAPIDS B&TC	CEDAR RAPIDS	IA	8,246	0	8,246	0	8,246
451.	UWHARRIE BK	ALBEMARLE	NC	8,161	0	8,161	0	8,161
452.	PROGRESS B&T	HUNTSVILLE	AL	8,153	0	8,153	0	8,153
453.	PEOPLES B&TC	MCPHERSON	KS	0	0	0	8,112	8,112
454.	FIRST RESRC BK	EXTON	PA	0	8,075	8,075	0	8,075
455.	BANK OF BIRD-IN-HAND	BIRD IN HAND	PA	730	7,274	8,004	0	8,004
456.	SOUTHEAST BK	FARRAGUT	TN	3,940	4,055	7,995	0	7,995
457.	CHEMUNG CANAL TC	ELMIRA	NY	7,974	0	7,974	0	7,974
458.	MOUNTAIN CMRC BK	KNOXVILLE	TN	3,116	4,840	7,956	0	7,956
459.	CAMDEN NB	CAMDEN	ME	763	7,190	7,953	0	7,953
460.	BANTERRA BK	MARION	IL	7,940	0	7,940	0	7,940
461.	MARQUETTE BK	CHICAGO	IL	507	7,421	7,928	0	7,928
462.	FIDELITY BK NA	WICHITA	KS	7,682	191	7,873	0	7,873
463.	AMBOY BK	OLD BRIDGE	NJ	7,852	0	7,852	0	7,852
464.	HIGHLAND BK	ST MICHAEL	MN	0	7,843	7,843	0	7,843
465.	PLANTERS BK	HOPKINSVILLE	KY	2,161	5,670	7,831	0	7,831
466.	HOMESTREET BK	SEATTLE	WA	7,828	0	7,828	0	7,828
467.	FIRST CMNTY BK	BATESVILLE	AR	7,828	0	7,828	0	7,828
468.	AMERICAN B&T	WESSNGTN SPG	SD	7,779	0	7,779	0	7,779
469.	READING CO-OP BK	READING	MA	0	0	0	7,776	7,776
470.	NEWFIRST NB	EL CAMPO	TX	7,747	0	7,747	0	7,747
471.	VERABANK NA	HENDERSON	TX	6,321	1,406	7,727	0	7,727
472.	BURKE & HERBERT B&TC	ALEXANDRIA	VA	3,463	4,197	7,660	0	7,660
473.	HOME FSB	ROCHESTER	MN	0	7,028	7,028	601	7,629
474.	AVIDBANK	SAN JOSE	CA	0	7,616	7,616	0	7,616
475.	RCB BK	CLAREMORE	OK	3,469	4,134	7,603	0	7,603
476.	AMERICAN ST BK	SIOUX CENTER	IA	0	7,536	7,536	0	7,536
477.	CITIZENS BK	COLUMBIA	MS	0	0	0	7,471	7,471
478.	LEGACY BK	WILEY	CO	0	0	0	7,431	7,431
479.	FARMERS & MRCH BK	LAKELAND	GA	7,411	0	7,411	0	7,411
480.	INDEPENDENCE BK OF KY	OWENSBORO	KY	739	6,647	7,386	0	7,386
481.	FIRST NB	PANDORA	OH	7,000	383	7,383	0	7,383
482.	DUBUQUE B&TC	DUBUQUE	IA	2,100	5,026	7,126	217	7,343
483.	NBH BK	GREENWD VIL	CO	7,302	19	7,321	0	7,321
484.	FIRST NB OF ALBANY	ALBANY	TX	0	7,272	7,272	0	7,272
485.	BANKIOWA	CEDAR RAPIDS	IA	7,264	0	7,264	0	7,264
486.	BANK OF TAMPA	TAMPA	FL	5,707	1,551	7,258	0	7,258
487.	VAST BK NA	TULSA	OK	7,009	245	7,254	0	7,254
488.	SALEM FIVE CENTS SVG BK	SALEM	MA	3,616	3,637	7,253	0	7,253
489.	TEXAS CMNTY BK	LAREDO	TX	0	7,243	7,243	0	7,243
490.	LOWELL FIVE CENT SVG BK	TEWKSBURY	MA	578	6,643	7,221	0	7,221

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
491.	SOLVAY BK	SOLVAY	NY	57	7,161	7,218	0	7,218
492.	INTEGRITY BK & TR	MONUMENT	CO	0	7,196	7,196	0	7,196
493.	HILLS B&TC	HILLS	IA	7,179	0	7,179	0	7,179
494.	STAR FNCL BK	FORT WAYNE	IN	5,947	1,202	7,149	0	7,149
495.	STATE BK OF CROSS PLAINS	CROSS PLAINS	WI	2,658	4,489	7,147	0	7,147
496.	SIOUXLAND BK	SO. SIOUX CITY	NE	7,000	0	7,000	140	7,140
497.	SIGNATURE BK	FAYETTEVILLE	AR	7,137	0	7,137	0	7,137
498.	STEARNS BK NA	SAINT CLOUD	MN	7,110	0	7,110	0	7,110
499.	GRASSHOPPER BK NA	NEW YORK	NY	7,087	0	7,087	0	7,087
500.	JONESTOWN B&TC	JONESTOWN	PA	0	7,061	7,061	0	7,061
501.	FIRST FNCL BK NA	TERRE HAUTE	IN	0	0	0	7,042	7,042
502.	WASHINGTON FNCL BK	WASHINGTON	PA	0	7,006	7,006	0	7,006
503.	FIRST NB	ALTAVISTA	VA	6,943	0	6,943	0	6,943
504.	BANKFINANCIAL NA	OLYMPIA FIELDS	IL	6,617	320	6,937	0	6,937
505.	NORTHEAST CMNTY BK	WHITE PLAINS	NY	6,922	0	6,922	0	6,922
506.	LIBERTY NB	ADA	OH	6,912	0	6,912	0	6,912
507.	PLANTERS B&TC	INDIANOLA	MS	2,811	4,098	6,909	0	6,909
508.	DL EVANS BK	BURLEY	ID	6,871	0	6,871	0	6,871
509.	MINNESOTA B&T	EDINA	MN	3,480	1,993	5,473	1,373	6,846
510.	FIRST NAT BKG ASSN	HATTIESBURG	MS	0	610	610	6,200	6,810
511.	AMERICAN NB&TC	WICHITA FALLS	TX	0	6,774	6,774	0	6,774
512.	BANK ANN ARBOR	ANN ARBOR	MI	1,706	5,059	6,765	0	6,765
513.	WESTFIELD BK	WESTFIELD	MA	4,141	2,619	6,760	0	6,760
514.	FIRST ST BK	GAINESVILLE	TX	6,740	0	6,740	0	6,740
515.	WEST GATE BK	LINCOLN	NE	6,705	0	6,705	0	6,705
516.	FARMERS ST BK	WESTMORLND	KS	6,686	0	6,686	0	6,686
517.	BANK OF THE SIERRA	PORTERVILLE	CA	5,423	1,228	6,651	0	6,651
518.	CHARTER BK	EAU CLAIRE	WI	6,646	0	6,646	0	6,646
519.	FIRST NB OF FORT SMITH	FORT SMITH	AR	1,854	4,741	6,595	0	6,595
520.	WILSON ST BK	WILSON	KS	6,558	0	6,558	0	6,558
521.	FIRST B&TC	DUNCAN	OK	6,539	0	6,539	0	6,539
522.	AMERICAN MOMENTUM BK	COLLEGE STN	TX	2,563	3,972	6,535	0	6,535
523.	METABANK NA	SIOUX FALLS	SD	6,534	0	6,534	0	6,534
524.	CENTURY BK	SANTA FE	NM	518	5,947	6,465	10	6,475
525.	SECURITY NB	ENID	OK	6,456	0	6,456	0	6,456
526.	US CENTURY BK	MIAMI	FL	633	295	928	5,491	6,419
527.	ALPINE BK	GLENWD SPRGS	CO	1,329	5,087	6,416	0	6,416
528.	MONTICELLO BKG CO	MONTICELLO	KY	137	6,247	6,384	0	6,384
529.	FIDELITY DEP&DISCNT BK	DUNMORE	PA	6,352	0	6,352	0	6,352
530.	OAKWORTH CAP BK	BIRMINGHAM	AL	5,935	412	6,347	0	6,347
531.	FIRST FSB OF TWIN FALLS	TWIN FALLS	ID	0	6,325	6,325	0	6,325
532.	FIRST ST BK	WEBSTER CITY	IA	6,324	0	6,324	0	6,324
533.	NEXTIER BK NA	KITTANNING	PA	826	5,487	6,313	0	6,313
534.	CHESAPEAKE BK	KILMARNOCK	VA	0	6,312	6,312	0	6,312
535.	LONE STAR ST BK WEST TX	LUBBOCK	TX	6,301	0	6,301	0	6,301
536.	SHORE UNITED BK NA	EASTON	MD	0	6,286	6,286	0	6,286
537.	TOMPKINS TC	ITHACA	NY	5,683	576	6,259	0	6,259
538.	GRATZ BK	GRATZ	PA	1,098	0	1,098	5,146	6,244
539.	JONAH BK	CASPER	WY	0	6,239	6,239	0	6,239
540.	PREMIER BK	DUBUQUE	IA	0	6,234	6,234	0	6,234
541.	CENTRAL BK	HOUSTON	TX	3,633	2,596	6,229	0	6,229
542.	BLACK HILLS CMNTY BK NA	RAPID CITY	SD	6,203	0	6,203	0	6,203
543.	CITY NB OF WV	CHARLESTON	WV	2,914	3,109	6,023	173	6,196
544.	FIRST SECURITY BK	BATESVILLE	MS	1,500	4,670	6,170	0	6,170
545.	FIRST CMNTY BK	CORPS CHRISTI	TX	1,296	4,872	6,168	0	6,168

# STATISTICS

Rank	Institution	City	State	Net Financial Standby LCs	Net Performance Standby LCs	Net Standby LCs	Commercial & Similar LCs	Net Letters of Credit
546.	KENSINGTON BK	KENSINGTON	MN	6,151	0	6,151	0	6,151
547.	SECURITY FNCL BK	DURAND	WI	1,200	4,876	6,076	72	6,148
548.	VISIONBANK	FARGO	ND	6,146	0	6,146	0	6,146
549.	GENESEE REGIONAL BK	ROCHESTER	NY	2,872	3,273	6,145	0	6,145
550.	BANKFLORIDA	JUPITER	FL	6,019	0	6,019	75	6,094
551.	BENCHMARK BK	PLANO	TX	6,069	0	6,069	0	6,069
552.	PEOPLES ST BK	WAUSAU	WI	4,310	1,721	6,031	28	6,059
553.	MONONA BK	MONONA	WI	3,260	2,787	6,047	0	6,047
554.	TOWN BK NA	HARTLAND	WI	2,573	3,438	6,011	0	6,011
555.	SOUTHERN B&TC	MOUNT OLIVE	NC	5,998	0	5,998	0	5,998
556.	CITIZENS BK	LAFAYETTE	TN	5,093	903	5,996	0	5,996
557.	TIB NA	FARMERS BR	TX	5,526	53	5,579	414	5,993
558.	STERLING ST BK	AUSTIN	MN	4,286	1,703	5,989	0	5,989
559.	FIRST PALMETTO BK	CAMDEN	SC	5,985	0	5,985	0	5,985
560.	FINANCIAL FED BK	MEMPHIS	TN	0	5,980	5,980	0	5,980
561.	NATIONAL BK OF CMRC	SUPERIOR	WI	4,494	1,480	5,974	0	5,974
562.	SHINHAN BK AMER	NEW YORK	NY	0	0	0	5,944	5,944
563.	ROYAL BUS BK	LOS ANGELES	CA	4,728	0	4,728	1,214	5,942
564.	NEWFIELD NB	NEWFIELD	NJ	4,644	1,279	5,923	0	5,923
565.	CENTRAL PACIFIC BK	HONOLULU	HI	4,477	950	5,427	492	5,919
566.	AMERICAN CMNTY B&T	WOODSTOCK	IL	105	5,790	5,895	0	5,895
567.	MERRIMACK CTY SVG BK	CONCORD	NH	0	5,885	5,885	0	5,885
568.	AMERICAN HERITAGE BK	SAPULPA	OK	0	5,871	5,871	0	5,871
569.	CITY NB	SULPHUR SPGS	TX	0	5,870	5,870	0	5,870
570.	FARMERS NB	CANFIELD	OH	4,112	1,704	5,816	0	5,816
571.	RESOURCE BK	COVINGTON	LA	1,923	3,872	5,795	0	5,795
572.	HEBRON SVG BK	HEBRON	MD	0	5,764	5,764	0	5,764
573.	PEOPLES BK	MENDENHALL	MS	0	0	0	5,736	5,736
574.	SACO&BIDDEFORD SVG INT	SACO	ME	93	5,634	5,727	0	5,727
575.	FIRST KEYSTONE CMNTY BK	BERWICK	PA	2,000	3,727	5,727	0	5,727
576.	CRYSTAL LAKE B&TC NA	CRYSTAL LAKE	IL	4,862	858	5,720	0	5,720
577.	FIRST CMNTY BK OF TN	SHELBYVILLE	TN	5,709	0	5,709	0	5,709
578.	COMMERCE ST BK	WEST BEND	WI	4,386	1,289	5,675	0	5,675
579.	COMMERCIAL BANK OF CA	IRVINE	CA	5,665	0	5,665	0	5,665
580.	UNITED CMNTY BK	RACELAND	LA	0	0	0	5,651	5,651
581.	SUNSTATE BK	MIAMI	FL	5,607	0	5,607	0	5,607
582.	GUARANTY B&TC	BELZONI	MS	5,588	0	5,588	0	5,588
583.	SUNRISE BKS NA	SAINT PAUL	MN	0	5,579	5,579	0	5,579
584.	LUZERNE BK	LUZERNE	PA	3,980	1,599	5,579	0	5,579
585.	BANKWEST	PIERRE	SD	3,651	0	3,651	1,908	5,559
586.	CITIZENS ST BK	MONTICELLO	IA	0	0	0	5,506	5,506
587.	OPEN BK	LOS ANGELES	CA	4,477	0	4,477	1,028	5,505
588.	BEVERLY B&TC NA	CHICAGO	IL	5,347	135	5,482	0	5,482
589.	HIGH CNTRY BK	SALIDA	CO	0	0	0	5,476	5,476
590.	21ST CENTURY BK	LORETTO	MN	454	4,947	5,401	0	5,401
591.	COUNTY NB	HILLSDALE	MI	5,399	0	5,399	0	5,399
592.	SAVIBANK	BURLINGTON	WA	50	5,296	5,346	0	5,346
593.	NORTH AMER SVG BK FSB	GRANDVIEW	MO	5,316	0	5,316	0	5,316
594.	FIDELITY BK	WEST MEMPHIS	AR	5,312	0	5,312	0	5,312
595.	TRUSTCO BK	GLENVILLE	NY	0	5,307	5,307	0	5,307
596.	SEILING ST BK	SEILING	OK	0	0	0	5,291	5,291
597.	VALLEY ST BK	RUSSELLVILLE	AL	5,288	0	5,288	0	5,288
598.	HERITAGE SOUTHEAST BK	JONESBORO	GA	0	5,286	5,286	0	5,286
599.	LIBERTY BK	MIDDLETOWN	CT	0	5,285	5,285	0	5,285
600.	ALPINE CAP BK	NEW YORK	NY	5,282	0	5,282	0	5,282
<b>TOTALS</b>				<b>323,886,329</b>	<b>40,081,224</b>	<b>363,967,553</b>	<b>18,141,254</b>	<b>382,108,807</b>



# SCAM SURVEY



## **Co-Conspirator of Nigerian Airline CEO Indicted for Fraud Involving LCs Awaits Trial**

Trial has been set in the case involving the co-conspirator of a Nigerian businessman, who has been indicted for fraud involving letters of credit. Ebony Nicole Mayfield was charged as a co-conspirator of Allen Ifechukwu Athan Onyema in the U.S. District Court for the Northern District of Georgia. Onyema was charged in a 36 -count indictment with fraud, some charges of which allege fraud involving letters of credit, and Mayfield was charged in a five-count indictment for conduct relating to five LCs.

As previously reported (Nov/Dec 2019 DCW 61) when Onyema was charged, the indictment alleges that Onyema, a Nigerian citizen, is the founder and Chairman of several entities in Nigeria, including Foundation for Ethnic Harmony, International Center for Non-Violence and Peace Development, All-Time Peace Media Communications Limited, and Every Child Limited. In 2010, Onyema began transferring millions of dollars from Nigerian bank accounts for these entities into personal accounts he established in the United States.

In 2013, Onyema founded Air Peace Limited (Air Peace), a private Nigerian airline based in Lagos, Nigeria, that provides passenger and charter services. Onyema is the Chairman and CEO of the entity. Funds from the bank accounts of Onyema's other entities were used to purchase airplanes for Air Peace. In 2016, a business associate of Onyema's established Springfield Aviation Company, LLC (Springfield Aviation), a Georgia, USA, limited liability company, with Onyema as the sole owner and Mayfield as its manager.



**Jacob Manning,  
Scam Survey Editor**

Jacob Manning, a Partner at the law firm of Dinsmore & Shohl, is a member of the Pennsylvania, Ohio, and West Virginia Bars. His practice focuses on business and commercial litigation and appellate practice. Manning is also an Associate Fellow of the Institute of International Banking Law & Practice.

The indictment alleges that Onyema engaged in a fraud that resulted in losses to various banks. The indictment contends that he applied for LCs, which were purportedly to be used to purchase airplanes from Springfield Aviation. Onyema and Mayfield then falsified documents to make it appear that airplanes had been purchased from Springfield Aviation which drew on the LCs. Springfield Aviation, though, never owned any aircraft; all of the airplanes allegedly purchased from Springfield Aviation were already owned by Air Peace. Onyema and Mayfield allegedly produced fake documents to make the transactions appear legitimate.

The transactions ranged in value from nearly USD 2 million to just under USD 5 million. In total, Springfield Aviation received payments of more than USD 20 million in exchange for sales of airplanes that it never owned and which were in fact owned already by Air Peace. The indictment alleges that more than USD 15 million of the funds were cycled back to Air Peace, while significant sums were also used for Onyema's extravagant personal purchases, including multiple vehicles and shopping at various high-end stores.

Onyema has been charged in a total of 36 counts, but he has never appeared. Mayfield has appeared and trial is set on her charges for June 2022.

(Sources: *U.S. v. Onyema*, 1:19-CR-464 (N.D. Ga.); *U.S. v. Mayfield*, 1:19-CR-499 (N.D. Ga.))

### **Four Charged for Running USD 16 Million Investment Scam in Arkansas**

Four men have been charged in an indictment in the U.S. District Court for the Western District of Arkansas for an alleged USD 16 million fraud and money laundering scheme involving letters of credit.

According to the indictment, John C. Nock of Fayetteville, Arkansas; Brian Brittsan of San Marcos, California; Kevin Griffith of Orem, Utah; and Alexander Ituma of Lehi, Utah, allegedly engaged in an investment fraud scheme between 2013 and 2021 through their firm, The Brittingham Group. The indictment alleges that Nock and Brittsan claimed to offer high-yield investments, promising "structured" financial transactions involving standby letters of credit, bank guarantees, and other instruments they offered to monetize. They claimed to have offices located on Wall Street and access to an exclusive bank investment program. They promised investors large returns – as much as 200-300 percent – within 20-30 days and they guaranteed the safety of the investments, using fraudulent letters on third-party letterhead. The indictment alleges that Nock and Brittsan directed victims to send their funds to bank accounts controlled by Griffith, Ituma, and others. It is contended the defendants then transferred the money through a complex web of bank accounts around the world.

The indictment also alleges that Nock and Brittsan made excuses to their victims as to why their promised investment returns had not been realized or principal amounts returned. None of the victims received the investment returns they were promised and very few were able even to recoup their principal. The defendants claimed that "high-level officials or government agencies", either in the countries where the supposed investments were taking place or in the United States, were involved in helping to ensure the victims were repaid or were the reason why the transfer of money was delayed. According to the indictment, Nock and others fabricated letters from those officials or agencies to placate the victims.

The indictment alleges that the four defendants obtained more than USD 16 million from their victims. They are each charged with wire fraud, conspiracy to commit wire fraud, and conspiracy to commit money laundering. In addition, Nock is charged with money laundering. The charges are pending.

(Source: *U.S. v. Nock, et al.*, 5:22-CR-12 (W.D. Ark.))

### **Enforcement Directorate in India Attaches Assets in Bank Fraud Case**

According to a report in *India Today*, the Enforcement Directorate in India has attached various properties worth more than INR 13.51 crore (USD 1.78 million) belonging to Telangana-based firm, Servomax India Private Limited, in a bank fraud case. The properties belong to relatives of P Chandrashekhar Reddy and A V Rao, directors of Servomax.

In 2018, the Enforcement Directorate initiated an investigation on the basis of a report filed by India's Central Bureau of Investigation against Servomax India Private Limited (SIPL), its promoters and directors. The report alleged that those involved had defrauded banks of some INR 402 crore (USD 52.9 million). It was alleged that the firm had obtained loans from a consortium of banks, as well as letters of credit, bank guarantees, and working capital loans but diverted the proceeds and failed to repay the loans. Further, the report alleged that the company had issued LCs in the names of its related shell entities, discounted them, and re-routed the proceeds, all without the supply of any actual goods. The funds were allegedly used for the directors' own personal gain or for other businesses.

The Enforcement Directorate identified 15 properties in and around Hyderabad, India, and has attached them under the Prevention of Money Laundering Act. A V Rao, one of the directors of the firm, was arrested on 17 January 2022 and is currently in judicial custody.

(Source: *India Today*)

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