

# Wall Street Journal's Risk & Compliance Journal Quotes Partner Eric McClafferty on French Bank's Sanctions Violations

February 14, 2014

Partner [Eric McClafferty](#) was quoted in the *Wall Street Journal's Risk & Compliance Journal* article "BNP Sanctions Hit Could Near Record." The article discusses how French bank BNP Paribas may have to pay penalties related to sanctions violations as high as \$1.1 billion, which would make the penalty one of the highest ever. The bank is hoping to resolve these violations involving Iran, Cub, and Libya with talks with U.S. authorities, and hasn't yet negotiated a prospective fine. Eric explained that deciding on a dollar amount to reserve for an unknown penalty is tricky, as a low-ball figure can expose investors to sticker shock if authorities eventually win a far bigger settlement, while reserving what the company's legal team considers to be a very high estimate can put them at a disadvantage in its negotiations. "It's an interesting dilemma because you have to disclose the potential exposure, but if you set out that penalty as a billion the [enforcing] agency will see that number as the target."