

## **Bangladesh loses \$100 million from New York Fed account (Update)**

March 9 2016

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The Bangladesh central bank says it is working to recover some \$100 million it lost from an account at the Federal Reserve Bank of New York.

Authorities have given few details about how the money disappeared. But Finance Minister A.M.A. Muhith says authorities are considering suing the U.S. bank over the money's apparent transfer to accounts in the Philippines.

Muhith said the U.S. bank has "no way to avoid their responsibility."

In a statement Wednesday, the New York Fed said it had not detected any hacking attempts, and there is "no evidence that any Fed systems were compromised."

"The payment instructions in question were fully authenticated ... in accordance with standard authentication protocols," the statement said.

The New York Fed said it has been working with the central bank of Bangladesh since the incident occurred "and will continue to provide assistance as appropriate."

The Bangladesh Bank said it managed to recover some of the funds, but gave no details. It has also tracked down those still missing and is working with the anti-money laundering agency in the Philippines, which has been ordered by a court in the country to freeze the accounts while

the issue is being investigated. Bangladesh also is working with World Bank cyber and forensic experts, the bank said in a statement.

The country's leading Bengali-language Prothom Alo newspaper reported Wednesday that at least 30 transfer requests were made Feb. 5 using the Bangladesh Bank's SWIFT code, out of which five succeeded in effecting transfers.

Economist Mamun Rashid, who previously headed Citibank NA in Bangladesh, said he was sure the country would be able to recover the full amount.

"Bangladesh is a client of the Federal Reserve Bank. They must take the responsibility for this incident," he said. "But we have to see whether we have lodged our complaint properly."

Since hacking has been a threat for years, he said clients should not suffer if depositing with large banks. "A client's right must be protected."

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