The bank statement said "well over 99.9 percent" of the questioned transactions with Iran complied with all regulations. The few transactions that didn't amounted to $14 million, according to the bank.

ALBANY, N.Y. (AP) -- New York's financial regulator said Tuesday that his agency has reached a $340 million settlement with Standard Chartered Bank to resolve an investigation into whether the British bank schemed with the Iranian government to launder $250 billion from 2001 to 2007.

The bank will pay the civil penalty to the state and will strengthen oversight of overseas transactions, New York Superintendent of Financial Services Benjamin Lawsky said.

Standard Chartered spokeswoman Julie Gibson noted the New York announcement set out the terms of an agreement, including payment of $340 million, and that a formal agreement with details is expected shortly. "The group continues to engage constructively with the other relevant U.S. authorities," she said.

Standard Charter will install a monitor for at least two years who will evaluate the money-laundering risk controls of its New York branch and take corrective measures, Lawsky

said. It also will permanently install personnel to oversee and audit offshore money-laundering monitoring, the agency said. State agency examiners also will be placed at the bank.

"We will continue to work with our federal and state partners on this matter," Lawsky said. A department hearing on the issue scheduled for Wednesday in New York City has been adjourned. He said the parties agreed that the conduct at issue involved transactions of at least $250 billion.

The date for the civil payment, which will go to the state's general fund, has not been set yet, department spokesman David Neustadt said.

"The Federal Reserve continues to work with the other agencies on a comprehensive resolution," Fed spokeswoman Barbara Hagenbaugh said Tuesday. She declined further comment.

Manhattan District Attorney Cyrus Vance has been investigating the bank, with federal partners, for more than a year. Spokeswoman Erin Duggan declined to comment Tuesday on the state settlement.

New York Gov. Andrew Cuomo said the result showed the effectiveness of the state's recently formed Department of Financial Services, which combined banking and insurance regulation in one agency. "This state and nation are still paying the price for a failed regulatory system and that must not happen again," he said.

In a statement released Monday night, Standard Chartered Bank said it "strongly rejects" and "contests" the New York regulators' portrayal of its transactions with Iranian banks.

Lawsky earlier had signed an order that required the London-based bank to answer his questions following an investigation into "wire stripping," the practice of removing crucial identifiers in financial transactions.

The state agency called the bank a rogue institution and quoted one of its executives as saying: "You (expletive) Americans. Who are you to tell us, the rest of the world, that we're not going to deal with Iranians."

The bank conspired with its Iranian clients to route nearly 60,000 different U.S. dollar payments through Standard Chartered's New York branch "after first stripping information from wire transfer messages used to identify sanctioned countries, individuals and entities," according to agency's order.

The order said the transactions provided the bank with millions of dollars in fees at a time when such trade was restricted. Lawsky said the scheme left the United States' financial system "vulnerable to terrorists."

The bank statement said "well over 99.9 percent" of the questioned transactions with Iran complied with all regulations. The few transactions that didn't amounted to $14 million, according to the bank. The bank said none of its Iranian payments was on behalf of any designated terrorist group.