



## OCC BULLETIN

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Comptroller of the Currency  
Administrator of National Banks

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Subject:	Bank Secrecy Act/Anti-Money Laundering	Description:	Advisory warns financial institutions of North Korean front companies: FinCEN guidance
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**TO:** Chief Executive Officers and Compliance Officers of All National Banks, Federal Branches and Agencies, Department and Division Heads, and All Examining Personnel

This bulletin transmits an advisory from the Financial Crimes Enforcement Network (FinCEN). FinCEN's advisory warns U.S. financial institutions that the U.S. Department of the Treasury has concerns that government agencies of the Democratic People's Republic of Korea (North Korea) and associated front companies<sup>1</sup> engaged in illicit activities may be seeking banking services elsewhere following the finding of Banco Delta Asia SARL to be a financial institution of "primary money laundering concern" pursuant to Section 311 of the USA PATRIOT Act. The FinCEN advisory is consistent with the U.S. Department of the Treasury's efforts to ensure that the U.S. financial institutions are not used as a conduit for the laundering of proceeds from such illicit activities as currency counterfeiting, narcotics trafficking, counterfeit cigarette smuggling, and the financing of and involvement in weapons of mass destruction and missile proliferation.

Per the advisory, the Department of the Treasury is actively monitoring this situation and will take any further action as appropriate, including providing updated information to the financial industry as warranted. Currently, the known entities have been added to the Office of Foreign Assets Control's Specially Designated Nationals (SDN) list.

Financial institutions with questions about FinCEN's advisory may contact FinCEN's Regulatory Helpline at 1-800-949-2732. For situations that may relate to potential terrorist activity, financial institutions are encouraged to call FinCEN's Financial Institutions Hotline at 1-866-556-3974.

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Ann F. Jaedicke  
Deputy Comptroller for Compliance Policy

Attachments— [FinCEN Advisory](#)  
[<http://www.fincen.gov/advisory.pdf>]

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<sup>1</sup> On October 25, 2005, a joint statement between the White House and the U.S. Department of the Treasury enacted a prohibition on all transactions between any U.S. person and eight designated North Korean entities pursuant to Executive Order 13382, an authority aimed at freezing the assets of proliferators of weapons of mass destruction (WMD) and their delivery vehicles. The prohibition also includes freezing any assets the entities may have under U.S. jurisdiction as detailed in the OFAC bulletin dated October 21, 2005. Please refer to <http://www.treas.gov/press/releases/js2984.htm> for the complete release.



## Department of the Treasury Financial Crimes Enforcement Network

December 13, 2005

*Advisory*

### **GUIDANCE TO FINANCIAL INSTITUTIONS ON THE PROVISION OF BANKING SERVICES TO NORTH KOREAN GOVERNMENT AGENCIES AND ASSOCIATED FRONT COMPANIES ENGAGED IN ILLICIT ACTIVITIES.**

This advisory warns U.S. financial institutions that the U.S. Department of the Treasury has concerns that the Democratic People's Republic of Korea ("North Korea"), acting through government agencies and associated front companies, is engaged in illicit activities and may be seeking banking services elsewhere following the finding of Banco Delta Asia SARL to be a financial institution of "primary money laundering concern" pursuant to Section 311 of the USA PATRIOT Act. Accordingly, U.S. financial institutions should take reasonable steps to guard against the abuse of their financial services by North Korea, which may be seeking to establish new or exploit existing account relationships for the purpose of conducting illicit activities. This advisory is consistent with the U.S. Department of the Treasury's efforts to ensure that U.S. financial institutions are not used as a conduit for the laundering of proceeds from such illicit activities as currency counterfeiting, narcotics trafficking, counterfeit cigarette smuggling, and the financing of and involvement in weapons of mass destruction and missile proliferation. We encourage financial institutions worldwide to take similar precautions.

The Department of the Treasury is actively monitoring this situation and will take any further action as appropriate. We will provide updated information to the financial industry as warranted. Financial institutions with questions about this advisory may contact the Financial Crimes Enforcement Network's regulatory helpline at 1-800-949-2732.

#### **Background**

Section 311 of the USA PATRIOT Act added Section 5318A to the Bank Secrecy Act, authorizing the Secretary of the Treasury to find a foreign financial institution, jurisdiction, class of transactions or type of account to be of "primary money laundering concern." Upon such finding and following a rulemaking process, the Secretary is authorized to take additional steps to further protect the U.S. financial system by requiring U.S. financial institutions to take certain "special measures" with respect to the

specified entity. Such “special measures” can include requiring U.S. financial institutions to terminate all correspondent account relationships with the specified entity. In addition to protecting the U.S. financial system, Section 311 findings serve as a notice to the global financial community that a particular institution presents a serious money laundering and illicit financing risk.

As published in the Federal Register on September 20, 2005, we found Banco Delta Asia SARL (“Banco Delta Asia”), which is headquartered in the Macau Special Administrative Region of China, to be a financial institution of “primary money laundering concern.” As stated in this Federal Register notice, Banco Delta Asia has provided financial services for over 20 years to North Korean government agencies and associated front companies that are known to have engaged in illicit activities. North Korean entities are known to have engaged in currency counterfeiting, narcotics trafficking, the production and dissemination of counterfeit cigarettes, and the laundering of related proceeds, as well as weapons of mass destruction and missile proliferation. Investigations have also revealed that, among other things, Banco Delta Asia has serviced a multi-million dollar account on behalf of a known international drug trafficker. This finding and the accompanying proposal to prohibit U.S. financial institutions from maintaining correspondent accounts for or on behalf of Banco Delta Asia are aimed at protecting the U.S. financial system from ongoing illicit activity facilitated by Banco Delta Asia.