



OCC BULLETIN

Comptroller of the Currency
Administrator of National Banks

Subject:	Bank Secrecy Act/Anti-Money Laundering	Description:	FinCEN Guidance to Financial Institutions on the Repatriation of Currency Smuggled into Mexico from the United States
----------	--	--------------	---

TO: Chief Executive Officers, BSA Officers, and Compliance Officers of All National Banks;
All Department and Division Heads; and All Examining Personnel

The Financial Crimes Enforcement Network (FinCEN) issued the attached advisory to U.S. financial institutions so that they may better guard against an increasingly prevalent money laundering threat involving the smuggling of bulk U.S. currency into Mexico. The advisory warns U.S. financial institutions of the potential misuse of relationships they may have with certain Mexican financial institutions, including Mexican casas de cambio. U.S. financial institutions should take reasonable steps to raise their guard against abuse of their financial services by these entities, especially because once the U.S. currency is in Mexico, numerous layered transactions may be used to disguise its origins, after which it may be returned directly to the United States or further transshipped to or through other jurisdictions. 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 narcotics trafficking.

U.S. law enforcement has observed a dramatic increase in the smuggling from the United States into Mexico of bulk cash proceeds derived from the sale of narcotics and other criminal activities. Bulk cash smuggling often increases in response to successful efforts by U.S. financial institutions and U.S. law enforcement to shut down available avenues for narcotics traffickers to place illicit currency proceeds directly into U.S. financial institutions. FinCEN, in conjunction with the Department of the Treasury and other federal agencies, has identified in this advisory activities that may be associated with the current currency-smuggling trend. While this advisory has been issued to assist U.S. financial institutions in complying with their obligations under the Bank Secrecy Act, FinCEN emphasized that the issuance of this advisory does not mean that U.S. financial institutions should curtail business with legitimate currency exchangers or other money services businesses.

To view the advisory, select the link below. You may direct questions to your supervisory office or to the Compliance Policy Department at (202) 874-4428.

Ann F. Jaedicke
Deputy Comptroller for Compliance Policy

Attachment: FinCEN advisory
[<http://www.fincen.gov/advis04282006.pdf>]



Department of the Treasury Financial Crimes Enforcement Network

Advisory

FIN-2006-A003

Issued: April 28, 2006

**Subject: Guidance to Financial Institutions on the Repatriation of
Currency Smuggled into Mexico from the United States**

The Financial Crimes Enforcement Network is issuing this advisory to U.S. financial institutions so that they may better guard against an increasingly prevalent money laundering threat involving the smuggling of bulk U.S. currency into Mexico. This advisory warns U.S. financial institutions of the potential misuse of relationships with U.S. financial institutions by certain Mexican financial institutions, including Mexican casas de cambio. U.S. financial institutions should take reasonable steps to guard against abuse of their financial services by these entities. 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 narcotics trafficking.

Background

Federal law enforcement agencies and the Department of the Treasury recently have observed the emergence of a trend in connection with the laundering of proceeds from narcotics trafficking. This trend has been occasioned, in part, due to the combined efforts of U.S. financial institutions and U.S. law enforcement that have made it increasingly difficult for narcotics traffickers to place their illicit currency proceeds directly into U.S. financial institutions. As a result, U.S. law enforcement has observed a dramatic increase in the smuggling of bulk cash proceeds from the sale of narcotics and other criminal activities from the United States into Mexico. Once the U.S. currency is in Mexico, numerous layered transactions may be used to disguise its origins, after which it may be returned directly to the United States or further transshipped to or through other jurisdictions. The Financial Crimes Enforcement Network, in conjunction with the Department of the Treasury, the Bureau of Immigration and Customs Enforcement, and the Drug Enforcement Administration, have identified the following activities that, in various combinations, may be associated with this currency smuggling trend:

- An increase in the sale of large denomination U.S. bank notes to Mexican institutions by U.S. banks;
- Small denomination U.S. bank notes smuggled into Mexico being exchanged for large denomination U.S. bank notes possessed by Mexican financial institutions;

- Large volumes of small denomination U.S. bank notes being sent from Mexican casas de cambio to their accounts in the United States via armored transport, or sold directly to U.S. banks;
- Multiple wire transfers initiated by casas de cambio that direct U.S. financial institutions to remit funds to jurisdictions outside of Mexico that bear no apparent business relationship with that casa de cambio (recipients include individuals, businesses, and other entities in free trade zones and other locations associated with Black Market Peso Exchange-type activities);¹
- The exchange of small denomination U.S. bank notes for large denomination U.S. bank notes that may be sent to jurisdictions outside of Mexico, including jurisdictions associated with Black Market Peso Exchange-type activities;
- Deposits by casas de cambio to their accounts at U.S. financial institutions that include third-party items (including sequentially numbered monetary instruments); and
- Deposits of currency and third-party items by Mexican casas de cambio to their accounts at Mexican financial institutions and thereafter direct wire transfers to the casas accounts at U.S. financial institutions.²

U.S. financial institutions should be aware of the information contained in this Advisory when applying their anti-money laundering program. While the activity highlighted above may not be indicative of criminal activity, U.S. financial institutions should consider this activity in conjunction with other information when determining whether to file a suspicious activity report in accordance with the standard for reporting in 31 C.F.R. part 103.

This Advisory is issued to assist U.S. financial institutions in complying with their obligations under the Bank Secrecy Act. It should be emphasized that the issuance of this Advisory does not mean that U.S. financial institutions should curtail business with currency exchangers or other money services businesses.

¹ The Black Market Peso Exchange (BMPE) is a large-scale money laundering system used to launder proceeds of narcotic sales in the United States by Latin American drug cartels by facilitating swaps of dollars in the U.S. for pesos in Colombia through the sale of dollars to Latin America businessmen seeking to buy U.S. goods to export.

² Mexican casas de cambio, unlike money services businesses in the United States, may act as brokers for financial transactions. For example, a casa de cambio as part of its routine business may direct payment to a U.S. manufacturer for export of commodities to Mexico.