



# OCC ADVISORY LETTER

Comptroller of the Currency  
Administrator of National Banks

Subject:

U.S. Department of Treasury  
FinCEN Advisories 13 through  
27

**TO:**

Chief Executive Officers and Compliance Officers of National Banks and Federal Branches, Department and Division Heads, and Examining Personnel

In July 2000, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a series of advisories to inform banks and other financial institutions operating in the United States of serious deficiencies in the counter-money-laundering systems in the following jurisdictions:

The Bahamas;  
The Cayman Islands;  
The Cook Islands;  
Dominica;  
Israel;  
Lebanon;  
Liechtenstein;  
The Marshall Islands;  
Nauru;  
Niue;  
Panama;  
The Philippines;  
The Russian Federation;  
St. Kitts and Nevis; and  
St. Vincent and The Grenadines.

These advisories are available at <http://www.fincen.gov/>.

The FinCEN advisories emphasize the need for enhanced scrutiny of certain transactions and banking relationships in these jurisdictions to ensure that appropriate measures are taken to minimize risk for money laundering. Depending on the nature and scope of banking relationships in the subject jurisdictions, if any, banks should ensure that adequate Bank Secrecy Act (BSA) compliance programs are in place to detect money laundering and report suspicious activity in a timely manner, as required by 12 CFR 21.21. BSA compliance programs should have adequate account and transaction due diligence systems and controls to protect the bank against misuse by money launderers. Banks should understand the true nature and intended relationships of customers transacting business in the subject jurisdictions. A number of the advisories emphasize this point by advising institutions to “give enhanced scrutiny to transactions or banking relationships that do not involve established, and adequately identified and understood, commercial or investment enterprises.”

Based on the international nature of the advisories, banks should pay particular attention to the possibility of suspicious transactions in

International correspondent banking;

International wire transfers;

Private banking relationships;

Pouch/cash letter activity;

Deposit broker transactions;

Private investment companies;

Offshore financial centers; and

Shell corporations.

In cases involving affiliate branches located in the subject jurisdictions, corporate or global BSA policies should be adequately designed and implemented to control the risk of money laundering. In cases involving correspondent banking relationships with financial institutions located in the subject jurisdictions, banks should ensure that BSA compliance programs minimize risk in accordance with the level of potential exposure. Banks should also seek to ensure that correspondent banks in these jurisdictions have adequate due diligence standards to prevent money laundering.

The FinCEN advisories emphasize that they are not intended to curtail legitimate business with the identified jurisdictions, nor should they prompt unwarranted closure of accounts. Instead, banks should evaluate and respond to the risk posed by any customer or affiliate relationship in the subject jurisdictions. The OCC will continue to examine banks to ensure that BSA compliance programs are adequate to address the risk of money laundering, including activity in these jurisdictions. Please refer to the BSA booklet in the *Comptroller's Handbook* and OCC Advisory Letter (AL) 2000-3 for guidance on controlling the risk of money laundering. Copies of the booklet and AL 2000-3 are available at [www.occ.treas.gov/handbook/bsa.pdf](http://www.occ.treas.gov/handbook/bsa.pdf), and [www.occ.treas.gov/advlst00.htm](http://www.occ.treas.gov/advlst00.htm).

If you have any questions, or need copies of the FinCEN advisories, please contact your supervisory office or the Community and Consumer Policy Division BSA staff at (202) 874-4428.

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Ralph E. Sharpe  
Deputy Comptroller  
Community and Consumer Policy