



# OCC ADVISORY LETTER

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Comptroller of the Currency  
Administrator of National Banks

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Subject: U.S. Department of Treasury  
FinCEN Advisories 28 through 32

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

This advisory letter revises the list of countries detailed in OCC Advisory Letter (AL) 2002-2, "U.S. Department of Treasury FinCEN advisories 11A and 21A," dated February 27, 2002 (see also AL 2001-7 and AL 2000-8).

In July 2000, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a series of advisories identifying 15 countries with serious deficiencies in their counter-money-laundering systems.<sup>1</sup> Since then FinCEN has issued additional advisories eliminating or revising some of those original advisories<sup>2</sup>. Recently, FinCEN issued the attached advisories 28 through 32 regarding Burma (Myanmar), Ukraine, the Arab Republic of Egypt, Grenada, and the Federal Republic of Nigeria. FinCEN advises banks and other financial institutions to give enhanced scrutiny to all financial transactions originating in or routed to or through the named countries, or involving entities organized or domiciled, or persons maintaining accounts, in the named countries. The advisories provide background information on the need for enhanced scrutiny and the weaknesses or deficiencies noted in the countries' legal, supervisory, and regulatory systems. These countries were identified in 2001 by the Financial Action Task Force on Money Laundering (the FATF) as noncooperative "in the fight against money laundering."

Including the five countries named herein, FinCEN advisories remain in effect for the following jurisdictions<sup>3</sup>:

- The Arab Republic of Egypt,
- Burma,
- The Cook Islands,
- Dominica,
- The Federal Republic of Nigeria,
- Grenada,
- Israel,
- Lebanon,

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<sup>1</sup> See FinCEN advisories 13 - 27 (July, 2000). The FinCEN advisories are available at [www.treas.gov/fincen](http://www.treas.gov/fincen) and additional guidance is provided in OCC AL 2000-8.

<sup>2</sup> See OCC advisories 2001-7 and 2002-2 or FinCEN advisories 11A, 13A, 14A, 19A, 21A, and 23A.

<sup>3</sup> See FinCEN advisories 2, 15-18, 20-22, and 24-32.

- The Marshall Islands,
- Nauru,
- Niue,
- The Philippines,
- The Russian Federation,
- St. Kitts and Nevis,
- St. Vincent and The Grenadines,
- The Seychelles, and
- Ukraine.

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. Please refer to OCC AL 2000-8 for additional information on banking relationships in the subject jurisdictions. Also, refer to the Bank Secrecy Act/Anti-money Laundering booklet in the *Comptroller's Handbook* and OCC AL 2000-3 for guidance on controlling risk of money laundering. Copies of the booklet and the OCC advisory letters 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 new FinCEN advisories, please contact your supervisory office or the Compliance Division at (202) 874-4428.

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David G. Hammaker  
Deputy Comptroller for Compliance

Attachment:  
- [FinCEN Advisories 28-32](#)



United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving Burma  
(Myanmar)**

Date:  
**April 2002**

Advisory:  
**Issue 28**

Banks and other financial institutions operating in the United States are advised to give enhanced scrutiny to all financial transactions originating in or routed to or through Burma, or involving entities organized or domiciled, or persons maintaining accounts, in Burma. The need for such enhanced scrutiny is discussed in the remainder of this Advisory.

Burma is a developing, agrarian country ruled by a military regime. It has a population of approximately 41 million people. Burma's economy is heavily dependent upon agriculture, light industry and transport. The state controls substantial activity in energy, other heavy industry, and the rice trade. According to the 2001 International Narcotics Control Strategy Report ("INCSR"), issued by the U.S. Department of State, Burma's economy continues to be vulnerable to drug money laundering because of its under-regulated financial system, weak anti-money laundering regime, and policies that facilitate the funneling of drug money into commercial enterprises and infrastructure investment.

The counter-money laundering regime embodied in the legal, supervisory, and regulatory systems of Burma suffers from serious systemic problems as follows:

- Burma lacks a basic set of anti-money laundering provisions.
- Money laundering is not a criminal offense for crimes other than drug trafficking in Burma.
- The Burmese Central Bank has no anti-money laundering regulations for financial institutions.
- Banks licensed by Burma are not legally required to obtain or maintain identification information about their customers.
- Banks licensed by Burma are not required to maintain transaction records of customer accounts.
- Burma does not require financial institutions to report suspicious transactions.

These deficiencies, among others, have caused Burma to be identified in June 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the 1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.



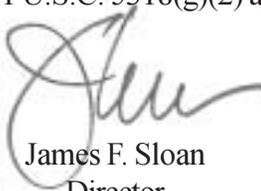
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Burma is considering legislative changes that could remedy at least some of the deficiencies described above. Nonetheless, the legal, supervisory, and regulatory systems of Burma at present create significant opportunities and tools for the laundering and protection of the proceeds of crime, and allow criminals who make use of those systems to increase significantly their chances to evade effective investigation or punishment. Burma's absence of sufficient supervisory or enforcement mechanisms aimed at preventing and detecting money laundering increases the possibility that transactions involving Burmese financial institutions and accounts will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should give enhanced scrutiny to any transaction originating in or routed to or through Burma, or involving entities organized or domiciled, or persons maintaining accounts, in Burma. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law.

It should be emphasized that the issuance of this Advisory and the need for enhanced scrutiny does not mean that U.S. financial institutions should curtail legitimate business with Burma.

To dispel any doubt about application of the "safe harbor" to transactions within the ambit of this Advisory, the Treasury Department will consider any report relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).



James F. Sloan  
Director

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*FinCEN Advisory is a product of the Financial Crimes Enforcement Network,  
Department of the Treasury, Post Office Box 39, Vienna, Virginia 22183.  
For more information about FinCEN's programs, visit the FinCEN web site at  
<http://www.fincen.gov> General questions or comments regarding FinCEN publications should  
be addressed to the Office of Communications, FinCEN, (703) 905-3773.  
Information may also be faxed to (703) 905-3885.*



United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving  
Ukraine**

Date:  
**April 2002**

Advisory:  
**Issue 29**

This Advisory is being issued to inform banks and other financial institutions operating in the United States of serious deficiencies in the counter-money laundering systems of Ukraine. The impact of such deficiencies on the scrutiny that should be given to certain transactions or banking relationships involving Ukraine, in light of the suspicious transaction reporting obligations of financial institutions operating in the United States, is discussed below.

The counter-money laundering regime embodied in the legal, supervisory, and regulatory systems of Ukraine suffers from certain serious, systemic problems as follows:

- Although banks in Ukraine are required to report large-scale and/or dubious transactions, they are not subject to penalty or sanction for failing to make such reports.
- Secrecy laws in the banking sector provide administrative authorities with limited access to customer account information. In the context of non-bank financial institutions, the relevant supervisory authorities have no ability to lift secrecy laws in connection with potential money laundering offenses.
- Non-bank financial institutions are under no obligation to identify beneficial owners when their clients appear to be acting on behalf of another party.
- Ukraine has devoted inadequate resources to investigating and prosecuting money laundering as evidenced by the lack of indictments, convictions and forfeitures by governmental authorities.
- Ukraine's acknowledged problems with pervasive public corruption interfere with its ability to apply and enforce anti-money laundering measures.

These deficiencies, among others, caused Ukraine to be identified in September 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the 1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.

Ukraine's new constitution, approved in 1996, guarantees the right to own property and to engage in business. Corruption, organized crime, smuggling and tax



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evasion are some of the significant problems confronting Ukraine as it continues its transition to a free market economy within the context of a democratic state. Strengthening Ukraine's laws and regulations applicable to money laundering to comply with generally acceptable international standards would facilitate this transition.

The Government of Ukraine is aware of the problems presented by money laundering and has taken several actions to strengthen its regime in this regard. In 2000, it revised its law on banks and banking activity to lend important anti-money laundering disciplines to the banking sector. Presidential decrees preclude banks from opening new anonymous accounts and executing transactions on existing anonymous accounts unless they can identify the owners. A 2001 law on financial services and the regulation of markets for financial services holds the promise of extending anti-money laundering measures to the non-bank financial services sector after it takes full effect over the next two years. Changes to Ukraine's criminal code that entered into force on September 1, 2001 extend the range of predicate offenses for money laundering to all serious crimes. The President of Ukraine issued a Decree in December 2001 mandating the establishment of the Financial Monitoring Department ("FMD") by January 2002. Although it is not fully operational, the FMD will serve as a financial intelligence unit ("FIU"). Ukraine is now in the process of drafting a law that will provide a comprehensive framework for the establishment and operation of the FIU.

In spite of these and other instances of progress, a fundamental and comprehensive anti-money laundering law has yet to be enacted. Legislation being considered by the Verkhovna Rada, the Ukrainian parliament, has been designed to remedy this situation. Nonetheless, Ukraine's legal, supervisory, and regulatory systems create significant opportunities and tools for money laundering and increase the possibility that transactions involving Ukraine entities and accounts will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should carefully consider, when dealing with transactions originating in or routed to or through Ukraine, or involving entities organized or domiciled, or persons maintaining accounts, in Ukraine, how the lack of adequate counter-money laundering controls in Ukraine affects the possibility that those transactions are being used for illegal purposes. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law. All institutions are particularly advised to give enhanced

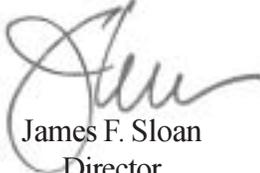
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scrutiny to transactions or relationships that do not involve established, and adequately identified and understood, commercial or investment enterprises, as well as to transactions involving the routing of transactions from Ukraine through third jurisdictions in ways that appear unrelated to commercial necessities.

It should be emphasized that the issuance of this Advisory, and the need for enhanced scrutiny for certain transactions or relationships, does not mean that U.S. financial institutions should curtail legitimate business with Ukraine.

To dispel any doubt about application of the “safe harbor” to transactions within the ambit of this Advisory, the Treasury Department will consider any report relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).

United States officials will continue to provide appropriate technical assistance to Ukrainian officials as they work to remedy the deficiencies in Ukraine’s counter-money laundering systems that are the subject of this Advisory.



James F. Sloan  
Director

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*FinCEN Advisory is a product of the Financial Crimes Enforcement Network, Department of the Treasury, Post Office Box 39, Vienna, Virginia 22183. For more information about FinCEN’s programs, visit the FinCEN web site at <http://www.fincen.gov>. General questions or comments regarding FinCEN publications should be addressed to the Office of Communications, FinCEN, (703) 905-3773. Information may also be faxed to (703) 905-3885.*



United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving  
Ukraine**

Date:  
**April 2004**

Advisory:  
**Issue 29W**

**WITHDRAWAL**

This Advisory is being issued to inform banks and other financial institutions operating in the United States that Financial Crimes Enforcement Network (FinCEN) Advisory Issue 29, regarding Ukraine, is hereby withdrawn.

Since the issuance of Advisory 29, Ukraine has enacted significant reforms to its counter-money laundering system, addressing the points noted in Advisory 29, and has taken concrete steps to bring these reforms into effect. Because of the enactment of new laws and the beginning of effective implementation, enhanced scrutiny with respect to transactions involving Ukraine, as called for in Advisory 29, is no longer necessary. Ukraine now has in place a counter-money laundering system that generally meets international standards, as reflected in the February 27, 2004, decision of the Financial Action Task Force on Money Laundering to remove Ukraine from its list of countries that are non-cooperative in the fight against money laundering.

The withdrawal of Advisory 29 does not relieve institutions of their pre-existing and on-going obligation to report suspicious activity, as set forth in regulations issued by FinCEN and by the federal bank supervisory agencies, as well as their obligation to comply with all other applicable provisions of law.

William F. Baity  
Acting Director



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United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving the  
Arab Republic of  
Egypt**

Date:  
**April 2002**

Advisory:  
**Issue 30**

This Advisory is being issued to inform banks and other financial institutions operating in the United States of serious deficiencies in the counter-money laundering systems of the Arab Republic of Egypt. The impact of such deficiencies on the scrutiny that should be given to certain transactions or banking relationships involving Egypt, in light of the suspicious transaction reporting obligations of financial institutions operating in the United States, is discussed below.

Egypt is a Northern African nation that borders the Mediterranean Sea between Libya and the Gaza Strip. It forms the only land bridge between Africa and the remainder of the Eastern Hemisphere and has an area of approximately 1,001,450 square kilometers. With a population of more than 68 million, Egypt had an estimated 1999 GDP of \$200 billion. Egypt maintains a republic form of government.

The counter-money laundering regime embodied in the legal, supervisory, and regulatory systems of Egypt suffers from serious systemic problems as follows:

- The Government of Egypt has failed to enact a specific law criminalizing money laundering.
- Egypt lacks effective laws and regulations requiring non-bank financial institutions to identify their customers.
- Although banks in Egypt are required under regulations issued in June 2001 to maintain records of unusual transactions, they are not required to submit those records to a competent authority.
- Egypt lacks an effective centralized unit for the collection, analysis, and dissemination of financial information to competent authorities to combat money laundering.

These deficiencies, among others, caused Egypt to be identified in June 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the 1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.



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Egypt is taking steps to correct the systemic deficiencies identified above. Most notably, the Central Bank of Egypt issued in June 2001 new counter-money laundering regulations that include customer identification and record-keeping provisions for banks. The Egyptian Government has also signaled a willingness to enact specific legislation to criminalize money laundering. Nonetheless, Egypt's legal, supervisory, and regulatory systems create significant opportunities and tools for money laundering and increase the possibility that transactions involving Egyptian entities and accounts will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should carefully consider, when dealing with transactions (especially those involving large sums of money, whether in cash or by wire transfer) originating in or routed to or through Egypt, or involving entities organized or domiciled, or persons maintaining accounts, in Egypt, how the deficiencies in Egyptian counter-money laundering controls affect the possibility that those transactions are being used for illegal purposes. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law. All institutions are particularly advised to give enhanced scrutiny to transactions or relationships that do not involve established, and adequately identified and understood, commercial or investment enterprises.

It should be emphasized that the issuance of this Advisory and the need for enhanced scrutiny for certain transactions or banking relationships does not mean that U.S. financial institutions should curtail legitimate business involving Egypt.

To dispel any doubt about application of the "safe harbor" to transactions within the ambit of this Advisory, the Treasury Department will consider any report relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for the reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).

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United States officials stand ready to provide appropriate technical assistance to Egyptian officials as they work to remedy the deficiencies in Egypt's counter-money laundering systems that are the subject of this Advisory.



James F. Sloan  
Director

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United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving the  
Arab Republic  
of Egypt**

Date:  
**April 2004**

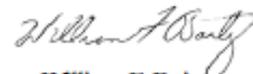
Advisory:  
**Issue 30W**

**WITHDRAWAL**

This Advisory is being issued to inform banks and other financial institutions operating in the United States that Financial Crimes Enforcement Network (FinCEN) Advisory Issue 30, regarding the Arab Republic of Egypt, is hereby withdrawn.

Since the issuance of Advisory 30, Egypt has enacted significant reforms to its counter-money laundering system, addressing the points noted in Advisory 30, and has taken concrete steps to bring these reforms into effect. Because of the enactment of new laws and the beginning of effective implementation, enhanced scrutiny with respect to transactions involving Egypt, as called for in Advisory 30, is no longer necessary. Egypt now has in place a counter-money laundering system that generally meets international standards, as reflected in the February 27, 2004, decision of the Financial Action Task Force on Money Laundering to remove Egypt from its list of countries that are non-cooperative in the fight against money laundering.

The withdrawal of Advisory 30 does not relieve institutions of their pre-existing and on-going obligation to report suspicious activity, as set forth in regulations issued by FinCEN and by the federal bank supervisory agencies, as well as their obligation to comply with all other applicable provisions of law.

  
William F. Baity  
Acting Director



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United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving  
Grenada**

Date:  
**April 2002**

Advisory:  
**Issue 31**

Banks and other financial institutions operating in the United States are advised to give enhanced scrutiny to all financial transactions originating in or routed to or through Grenada, or involving entities organized or domiciled, or persons maintaining accounts, in Grenada. The need for such enhanced scrutiny is discussed in the remainder of this Advisory.

Grenada is a commonwealth country located in the Caribbean to the north of Trinidad and Tobago. It is 340 square kilometers, with a population of approximately 99,000. Grenada's gross domestic product was estimated at \$394 million in 2000.

Grenada's domestic financial sector is composed of five commercial banks, 15 registered domestic insurance companies, 19 registered cooperative societies, 22 credit unions and two money remitters. The offshore financial sector has 22 offshore banks, 14 licensed trust companies, two company managers, two internet gaming companies, six offshore insurance companies, and 4,000 international business companies.

The counter money laundering regime embodied in the legal, supervisory, and regulatory systems of Grenada suffer from serious systemic problems as follows:

- Absent a court order, Grenadan financial supervisors cannot compel supervised financial institutions to produce customer account information.
- Grenada's secrecy laws prevent supervisory authorities from disclosing customer account information to law enforcement authorities for money laundering investigations.
- Grenadan supervisory authorities have limited ability to share information and cooperate with foreign counterparts in money laundering investigations.
- Grenada's failure to respond in a timely fashion to U.S. law enforcement requests for information pursuant to the mutual legal assistance treaty also suggests Grenada lacks effective procedures for assisting its foreign counterparts in money laundering investigations.

These deficiencies, among others, caused Grenada to be identified in September 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the



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1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.

Grenada recently has taken some positive steps to strengthen its anti-money laundering regime. The Bank Superintendency has issued counter money laundering regulations that went into effect on May 1, 2001. The Supervisory Authority has published Anti-Money Laundering Guidelines that contain “know your customer” rules for financial institutions. On January 18, 2002, Grenada enacted the International Financial Services (Miscellaneous Amendments) Act, which is comprised of amendments to the International Companies Act, International Insurance Act, Company Management Act, Offshore Banking Act, Grenada International Financial Services Authority Act, and the Money Laundering (Prevention) Act. These amendments partially address some of the previously identified deficiencies by introducing a “fit and proper” provision for applicants for offshore bank and international insurance company licenses, requiring registration of bearer shares, and introducing new penalties for non-compliance with certain provisions of these Acts.

Nonetheless, the legal, supervisory, and regulatory systems of Grenada at present create significant opportunities and tools for the laundering and protection of the proceeds of crime, and allow criminals who make use of those systems to increase significantly their chances to evade effective investigation or punishment. The structural weaknesses in Grenadan laws increase the possibility that transactions involving banks or other entities and accounts maintained in Grenada will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should give enhanced scrutiny to any transaction originating in or routed to or through Grenada, or involving entities organized or domiciled, or persons maintaining accounts, in Grenada. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law.

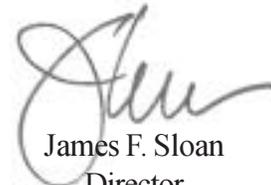
It should be emphasized that the issuance of this Advisory and the need for enhanced scrutiny does not mean that U.S. financial institutions should curtail legitimate business with Grenada.

To dispel any doubt about application of the “safe harbor” to transactions within the ambit of this Advisory, the Treasury Department will consider any report

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relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).

United States officials stand ready to provide appropriate technical assistance to Grenadan officials as they work to remedy the deficiencies in Grenada's counter-money laundering systems that are the subject of this Advisory.



James F. Sloan  
Director

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United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving  
Grenada**

Date:  
**April 2003**

Advisory:  
**Issue 31W**

WITHDRAWAL

This Advisory is being issued to inform banks and other financial institutions operating in the United States that Financial Crimes Enforcement Network (FinCEN) Advisory Issue 31, regarding Grenada, is hereby withdrawn.

Since the issuance of Advisory 31, Grenada has enacted significant reforms to its counter-money laundering system, addressing the points noted in Advisory 31, and has taken concrete steps to bring these reforms into effect. Because of the enactment of new laws and the beginning of effective implementation, enhanced scrutiny with respect to transactions involving Grenada, as called for in Advisory 31, is no longer necessary. Grenada now has, in place, a counter-money laundering system that generally meets international standards, as reflected in the February 14, 2003 decision of the Financial Action Task Force on Money Laundering to remove Grenada from its list of countries that are non-cooperative in the fight against money laundering.

The withdrawal of Advisory 31 does not relieve institutions of their pre-existing and on-going obligation to report suspicious activity, as set forth in regulations issued by FinCEN and by the federal bank supervisory agencies, as well as their obligation to comply with all other applicable provisions of law.

James F. Sloan  
Director



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United States Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN Advisory

Subject:  
**Transactions  
Involving the  
Federal Republic  
of Nigeria**

Date:  
**April 2002**

Advisory:  
**Issue 32**

This Advisory is being issued to inform banks and other financial institutions operating in the United States of serious deficiencies in the counter-money laundering systems of the Federal Republic of Nigeria. The impact of such deficiencies on the scrutiny that should be given to certain transactions or banking relationships involving Nigeria, in light of the suspicious transaction reporting obligations of financial institutions operating in the United States, is discussed below.

Nigeria is a large Western African nation, currently undergoing transition to a civilian republic form of government, following more than 16 years of military rule. It has a landmass of 923,768 square kilometers and a population of more than 120 million. Nigeria's oil sector provides 20% of its \$110 billion GDP and 95% of its foreign exchange earnings.

The counter-money laundering regime embodied in the legal, supervisory, and regulatory systems of Nigeria suffers from serious systemic problems as follows:

- Nigerian law fails to criminalize the laundering of illicit proceeds, other than proceeds derived from narcotics trafficking. Nigerian banks are not required to report all suspicious transactions; banks are exempt from making a suspicious transaction report for any transaction which they decline to conduct or which is discontinued prior to completion.
- There is no penalty under Nigeria's laws for failing to comply with the suspicious transaction reporting obligation.

These deficiencies, among others, have caused Nigeria to be identified in June 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the 1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.

According to the 2001 International Narcotics Control Strategy Report ("INSCR"), issued by the U.S. Department of State, Nigeria remains a worldwide hub for narcotics trafficking and money laundering activity. Nigeria is also notorious for various financial fraud schemes, which often involve the international wire transfer of funds and which are estimated to cost American citizens and businesses hundreds of millions of dollars annually.



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The Government of Nigeria has recently begun to cooperate with the FATF's review process and has pledged to take measures to address its criminal problems and bring the Nigerian anti-money laundering regime into compliance with international standards. Nigeria is, however, only beginning the movement toward reform and it may be some time before tangible results are realized. Nonetheless, Nigeria's legal, supervisory, and regulatory systems create significant opportunities and tools for money laundering and increase the possibility that transactions involving Nigerian entities and accounts will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should carefully consider, when dealing with transactions (especially those involving large sums of money, whether in cash or by wire transfer), originating in or routed to or through Nigeria, or involving entities organized or domiciled, or persons maintaining accounts, in Nigeria, how the lack of adequate counter-money laundering controls in Nigeria affects the possibility that those transactions are being used for illegal purposes. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law. All institutions are particularly advised to give enhanced scrutiny to transactions or relationships that do not involve established, and adequately identified and understood, commercial or investment enterprises, as well as to transactions involving the routing of transactions from Nigeria through third jurisdictions in ways that appear unrelated to commercial necessities.

It should be emphasized that the issuance of this Advisory and the need for enhanced scrutiny for certain transactions or relationships does not mean that U.S. financial institutions should curtail legitimate business involving Nigeria.

To dispel any doubt about application of the "safe harbor" to transactions within the ambit of this Advisory, the Treasury Department will consider any report relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for the reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).

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United States officials stand ready to provide appropriate technical assistance to Nigerian officials as they work to remedy the deficiencies in Nigeria's counter-money laundering systems that are the subject of this Advisory.



James F. Sloan  
Director

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