



Department of the Treasury Financial Crimes Enforcement Network

Advisory

FIN-2013-A002

Issued: April 15, 2013

Subject: Updated Advisory to Financial Institutions on Recent Events in Syria

The Financial Crimes Enforcement Network (FinCEN) is issuing this Advisory to remind U.S. financial institutions to take reasonable, risk-based steps with respect to the potential movement of assets that may be related to the current unrest in Syria.

Financial institutions should take into account ongoing events in Syria when assessing risks related to particular customers, accounts and transactions. On July 8, 2011, FinCEN issued an advisory regarding the possible flight of assets of certain individuals and entities believed to be associated with Syrian President Bashar al-Assad.¹ Considering the prolonged unrest in Syria, FinCEN is providing additional advice to financial institutions on the risks and reporting requirements associated with these types of transactions.

Guidance

Covered financial institutions should review the regulations implementing Section 312 of the USA PATRIOT Act. These require U.S. financial institutions to perform due diligence or enhanced due diligence for correspondent accounts established, maintained, administered or managed in the United States for foreign financial institutions and for private banking accounts established, maintained, administered or managed in the United States for non-U.S. persons, that is reasonably designed to detect and report any known or suspected money laundering or other suspicious activity.² In instances where senior foreign political figures³ maintain private banking accounts at a covered institution, those financial institutions are required to apply enhanced scrutiny to detect and report transactions that may involve the proceeds of foreign corruption,⁴

¹ FIN-2011-A010.

² See 31 CFR § 1010.610 and 31 CFR § 1010.620.

³ "Senior foreign political figure" means: (1) a current or former senior official of a foreign government or of a major foreign political party; (2) a senior executive of a foreign government-owned commercial enterprise; (3) a corporation, business, or other entity that has been formed by, or for the benefit of, any such individual; (4) the immediate family members of any such individual; and (5) a person who is widely and publicly known (or is actually known by the relevant covered financial institution) to be a close associate of such individual. For the purposes of this definition, "senior official or executive" means an individual with substantial authority over policy, operations or the use of government-owned resources, and "immediate family member" means spouses, parents, siblings, children and a spouse's parents and siblings. See 31 CFR § 1010.620(c) and 31 CFR § 1010.605(p).

⁴ 31 CFR § 1010.620(c).

and to monitor transactions that could potentially represent misappropriated or diverted state assets, proceeds of bribery or other illegal payments, or other public corruption proceeds. As part of this requirement, banks and other covered institutions in particular should be vigilant against transactions involving persons specifically designated for sanctions relating to Syria,⁵ as well as proxies acting on behalf of such persons. In taking the necessary risk-based steps with respect to the potential movement of assets that may be related to the current unrest in Syria, financial institutions should consider whether they have any financial contact with persons or entities (foreign or otherwise) that may be acting directly or indirectly for or on behalf of any senior foreign political figures of the Government of Syria.

Suspicious Activity Reporting

If a financial institution knows, suspects, or has reason to suspect that a transaction conducted or attempted by, at, or through the financial institution involves funds derived from illegal activity or an attempt to disguise funds derived from illegal activity, is designed to evade regulations promulgated under the Bank Secrecy Act (BSA), or lacks a business or apparent lawful purpose, the financial institution may be required to file a Suspicious Activity Report (SAR).⁶

To assist law enforcement in specifically identifying possible criminal activity involving potential illicit asset movement related to the Syrian regime, FinCEN requests that, when reporting such activity, financial institutions: (1) check item 35(l) “Suspected public/private corruption (foreign)” of the new FinCEN SAR to indicate the type of suspicious activity; (2) include the term “Syria” in the narrative portion of the SAR; and (3) include detailed transactional activity when filing a SAR on this issue. In an effort to facilitate the reporting of detailed transactional activity, the new FinCEN SAR now allows filers to attach a Microsoft Excel-compatible comma separated value (CSV) file to document transaction records in tabular form.

In April 2008, FinCEN issued guidance to assist financial institutions on reporting suspicious activity regarding proceeds of foreign corruption.⁷ In May 2011, FinCEN released a “SAR Activity Review – Trends Tips and Issues” specifically on foreign corruption, which highlights general regulatory requirements, general due diligence procedures and frequently asked questions related to senior foreign political figures and corruption.⁸ Financial institutions may find the guidance document and SAR Activity Review useful in assisting with suspicious activity monitoring and due diligence requirements related to senior foreign political figures.

⁵ See Executive Order 13573 of May 18, 2011, “Blocking Property of Senior Officials of the Government of Syria”; Executive Order 13572 of April 29, 2011, “Blocking Property of Certain Persons with Respect to Human Rights Abuses in Syria”; see e.g., OFAC Actions at <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20110518.aspx>. Sanctions on the Syrian regime are multi-lateral. See e.g., http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf or <https://www.gov.uk/sanctions-on-syria>.

⁶ See e.g., 31 CFR § 1020.320.

⁷ “Guidance to Financial Institutions on Filing Suspicious Activity Reports Regarding the Proceeds of Foreign Corruption,” FIN-2008-G005 (April 17, 2008). http://www.fincen.gov/statutes_regs/guidance/html/fin-2008-g005.html.

⁸ The SAR Activity Review – Trends Tips & Issues, Issue 19 (May 2011) [Published under the auspices of the BSA Advisory Group], http://www.fincen.gov/news_room/rp/files/sar_tti_19.pdf.

Additional questions or comments regarding the contents of this Advisory should be addressed to the FinCEN Regulatory Helpline at 800-949-2732. ***Financial institutions wanting to report suspicious transactions that may relate to terrorist activity should call the Financial Institutions Toll-Free Hotline at (866) 556-3974 (7 days a week, 24 hours a day).*** The purpose of the hotline is to expedite the delivery of this information to law enforcement. Financial institutions should immediately report any imminent threat to local-area law enforcement officials.