

# RESCINDED

Outdated – See OCC 2020-11

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## Bank Secrecy Act/Anti-Money Laundering: Guidance to Financial Institutions on the Money Laundering Threat Involving the Turkish Cypriot-Administered Area of Cyprus

On March 20, 2008, the Financial Crimes Enforcement Network (FinCEN) issued guidance informing banks and other financial institutions operating in the United States of serious deficiencies existing in the anti-money laundering regime of the Turkish Cypriot-administered area of Cyprus.

The guidance follows the February 28, 2008, statement issued by the Financial Action Task Force (FATF) on the need for financial institutions to pay special attention to money laundering and financing of terrorism risks in transactions with financial institutions operating in the Turkish Cypriot-administered area of Cyprus. Collectively, banks in the Turkish Cypriot-administered area do not have the ability to initiate or receive SWIFT (Society for Worldwide Interbank Financial Telecommunication) wire transfers without the assistance of third-country based financial institutions. For this reason, transactions involving banks in the Turkish Cypriot-administered area may not be readily apparent to financial institutions. In addition to anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies existing in the banking sector, casinos operating in the Turkish Cypriot-administered area have been noted as being conduits for money laundering.

The guidance also spells out the requirements under 31 CFR 103.176 for financial institutions to apply due diligence to correspondent accounts maintained for foreign financial institutions. Under this regulation, covered financial institutions must establish due diligence programs that include appropriate, specific, risk-based, and, if necessary, enhanced policies, procedures, and controls that are reasonably designed to detect and report known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed in the United States.

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- [FinCEN Guidance](#)

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