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Outdated – See OCC 2020-11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 Republic of Uzbekistan

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 systems of the Republic of Uzbekistan.

The guidance follows the February 28, 2008, statement issued by the Financial Action Task Force (FATF) on the developments in Uzbekistan that represent a significant vulnerability within the international financial system. Among other things, recent decrees issued by the Republic of Uzbekistan suspend the authority of Uzbekistan's financial intelligence unit to collect and analyze information on, and monitor, financial and property transactions; identify possible money laundering and terrorist financing mechanisms and channels; share information on identified crimes with law enforcement agencies for criminal prosecution; and cooperate and exchange information with foreign agencies and international organizations on anti-money laundering and combating the financing of terrorism (AML/CFT) issues based on international obligations and agreements of Uzbekistan.

The decrees also suspend reporting, programmatic, and customer identification/due diligence requirements for covered entities. Moreover, the decrees subject reports to secrecy legislation and call for the General Prosecutor to strengthen bank secrecy "to prevent interference with activities of banking and other credit organizations" (Presidential Decree No. PP-565, January 12, 2007). The most recent decree (No. PP-3968, February 20, 2008) prohibits financial institutions, law enforcement, and other supervising bodies from inquiring about the sources of cash deposits in any amount, upon threat of civil or criminal penalty.

31 CFR 103.176 requires covered 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, where 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.

As a result of these actions, banks and other financial institutions operating in the United States should take into account, for increased due diligence, the risk arising from the deficiencies in Uzbekistan's AML/CFT regime.

To

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

Ann F. Jaedicke

Deputy Comptroller for Compliance Policy

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