

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Designates Financial Institution Tied to North Korea's WMD Proliferation

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WASHINGTON– The U.S. Department of the Treasury today designated the Korea Kwangson Banking Corp. (KKBC) under Executive Order (E.O.) 13382 for providing financial services in support of both Tanchon Commercial Bank (Tanchon) and Korea Hyoksin Trading Corporation (Hyoksin), a subordinate of the Korea Ryonbong General Corporation (Ryonbong). KKBC is based in North Korea and has operated at least one overseas branch in Dandong, China.

Tanchon and Ryonbong, were identified by the President as weapons of mass destruction (WMD) proliferators and listed in the Annex to E.O. 13382 in June 2005, and Hyoksin was designated by Treasury in July 2009 for being owned or controlled by Ryonbong. All three entities have been designated by the UN pursuant to UN Security Council Resolution (UNSCR) 1718 for their roles in North Korea's WMD and missile programs. E.O. 13382 freezes the assets of proliferators of WMD and their supporters and prohibits U.S. persons from engaging in transactions with them, thereby isolating them from the U.S. financial and commercial systems.

"North Korea's use of a little-known bank, KKBC, to mask the international financial business of sanctioned proliferators demonstrates the lengths to which the regime will go to continue its proliferation activities and the high risk that any business with North Korea may well be illicit," said Under Secretary for Terrorism and Financial Intelligence Stuart Levey.

Since 2008, Tanchon has been utilizing KKBC to facilitate funds transfers likely amounting to millions of dollars, including transfers involving Korea Mining Development Trading Corporation (KOMID)-related funds from Burma to China in 2009. KOMID, which has been identified by the President in the Annex to E.O.13382 and designated by the UN pursuant to UNSCR 1718, is North Korea's premier arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons. Tanchon, the financial arm of KOMID, plays a key role in financing KOMID's sales of ballistic missiles. Additionally, Hyoksin, which the UN described as being involved in the development of weapons of mass destruction, sought to use KKBC in connection with a purchase of dual-use equipment in 2008.

Due to KKBC's relationship to Tanchon, Hyoksin, and Ryonbong, today's action is consistent with UNSCR 1718's requirement to freeze the funds of and deny financial services to UN-designated entities. It is also consistent with UNSCR 1874's call to prevent the provision of financial services or any financial assets that could contribute to North Korea's nuclear, ballistic missile, or other WMD-related programs.

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