

FinCEN Further Restricts North Korea's Access to the U.S. Financial System and Warns U.S. Financial Institutions of North Korean Schemes

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WASHINGTON – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) today issued a final rule under Section 311 of the USA PATRIOT Act that severs Bank of Dandong, a Chinese bank that acts as a conduit for illicit North Korean financial activity, from the U.S. financial system. FinCEN also issued today an advisory to further alert financial institutions to schemes commonly used by North Korea to evade U.S. and United Nations (UN) sanctions, launder funds, and finance the North Korean regime's weapons programs.

"Today's actions will better protect the U.S. financial system from illicit schemes used by North Korea to evade sanctions and finance its weapons programs," said Treasury Secretary Steven Mnuchin. "Banks and businesses worldwide should take note that they must be vigilant against attempts by North Korea to conduct illicit financing and trade."

Section 311 Action against Bank of Dandong

On June 29, 2017, FinCEN found Bank of Dandong to be of "primary money laundering concern" for serving as a gateway for North Korea to access the U.S. and international financial systems despite U.S. and UN sanctions. As described in the Notice of Proposed Rulemaking (NPRM), Bank of Dandong acts as a conduit for North Korea to access the U.S. and international financial systems, including by facilitating millions of dollars of transactions for companies involved in North Korea's weapons of mass destruction (WMD) and ballistic missile programs. Bank of Dandong also facilitates financial activity for North Korean entities designated by the United States and listed by the UN for proliferation of WMDs, as well as for front companies acting on their behalf.

Today, FinCEN finalized this rulemaking by imposing a prohibition on U.S. financial institutions from opening or maintaining correspondent accounts for, or on behalf of, Bank of Dandong.

Restricting Bank of Dandong from accessing the U.S. financial system—directly or indirectly—helps protect the U.S. financial system from the illicit finance risks posed by Bank of Dandong and serves as an additional measure to prevent North Korea from accessing the U.S. financial system.

Advisory on North Korean Sanctions Evasion Schemes

FinCEN also issued today an advisory that provides red flags of illicit North Korean schemes, including the use of financial representatives, front and shell companies, trading companies, and financial institutions operating in areas bordering North Korea. The red flags are designed to assist financial institutions in identifying and reporting suspected illicit activity by North Korea and its financial institutions.

[The final rule, as submitted to the Federal Register, is available here.](#)

[The June 29, 2017 NPRM is available here.](#) 

[The Advisory to financial institutions is available here.](#)

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