

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Designates Banco Delta Asia as Primary Money Laundering Concern under USA PATRIOT Act

9/15/2005
JS-2720

The U.S. Department of the Treasury today designated Banco Delta Asia SARL as a "primary money laundering concern" under Section 311 of the USA PATRIOT Act because it represents an unacceptable risk of money laundering and other financial crimes.

"Banco Delta Asia has been a willing pawn for the North Korean government to engage in corrupt financial activities through Macau, a region that needs significant improvement in its money laundering controls," said Stuart Levey, the Treasury's Under Secretary for Terrorism and Financial Intelligence (TFI). "By invoking our USA PATRIOT Act authorities, we are working to protect U.S. financial institutions while warning the global community of the illicit financial threat posed by Banco Delta Asia."

In conjunction with this finding, Treasury's Financial Crimes Enforcement Network (FinCEN) issued a proposed rule that, if adopted as final, will prohibit U.S. financial institutions from directly or indirectly establishing, maintaining, administering or managing any correspondent account in the United States for or on behalf of Banco Delta Asia.

Banco Delta Asia SARL

Banco Delta Asia is located and licensed in the Macau Special Administrative Region, China. The bank operates eight branches in Macau, including a branch at a casino, and is served by a representative office in Japan. In addition, Banco Delta Asia maintains correspondent accounts in Europe, Asia, Australia, Canada, and the United States.

Deficiencies at Banco Delta Asia noted in the finding include, but are not limited to, the following:

- Banco Delta Asia has provided financial services for over 20 years to Democratic Peoples Republic of Korea (DPRK) government agencies and front companies. It continues to develop relationships with these account holders, which comprise a significant amount of Banco Delta Asia's business. Evidence exists that some of these agencies and front companies are engaged in illicit activities.
- Banco Delta Asia has tailored its services to the needs and demands of the DPRK with little oversight or control. The bank also handles the bulk of the DPRK's precious metal sales, and helps North Korean agents conduct surreptitious, multi-million dollar cash deposits and withdrawals.
- Banco Delta Asia's special relationship with the DPRK has specifically facilitated the criminal activities of North Korean government agencies and front companies. For example, sources show that senior officials in Banco Delta Asia are working with DPRK officials to accept large deposits of cash, including counterfeit U.S. currency, and agreeing to place that currency into circulation.
- One well-known North Korean front company that has been a client of Banco Delta Asia for over a decade has conducted numerous illegal activities, including distributing counterfeit currency and smuggling counterfeit tobacco products. In addition, the front company has also long been suspected of being involved in international drug trafficking. Moreover, Banco Delta Asia facilitated several multi-million dollar wire transfers connected with alleged criminal activity on behalf of another North Korean front company.
- In addition to facilitating illicit activities of the DPRK, investigations reveal that Banco Delta Asia has serviced a multi-million dollar account on behalf of a known international drug trafficker.

Background on Section 311

Title III of the USA PATRIOT Act amends the anti-money laundering provisions of the Bank Secrecy Act (BSA) to promote the prevention, detection and prosecution of international money laundering and the financing of terrorism. Section 311 authorizes the Secretary of the Treasury in consultation with the Departments of Justice and State and appropriate Federal financial regulators to find that reasonable grounds exist for concluding that a foreign jurisdiction, institution, class of transactions or type of account is of "primary money laundering concern" and to require U.S. financial institutions to take certain "special measures" against those jurisdictions, institutions, accounts or transactions.

These special measures range from enhanced recordkeeping or reporting obligations to a requirement to terminate correspondent banking relationships with the designated entity. The measures are meant to provide Treasury with a range of options to bring additional pressure on institutions that pose specific money laundering threats.

The Treasury Department has previously identified the following financial institutions as being of "primary money laundering concern," pursuant to Section 311:

- Multibanka and VEF Bank of Latvia in April 2005;
- First Merchant Bank of the "Turkish Republic of Northern Cyprus" ("TRNC") and Infobank of Belarus in August 2004;
- Commercial Bank of Syria and its subsidiary Syrian Lebanese Commercial Bank in May 2004; and
- Myanmar Mayflower Bank and Asia Wealth Bank in November 2003.

The Bush Administration has also taken action, pursuant to Section 311, against the foreign jurisdictions of Burma, Nauru and the Ukraine. The finding of the Ukraine as being of "primary money laundering concern" was lifted after Ukrainian authorities took subsequent and aggressive steps to address the concerns and risks identified in the 311 action.