



# Department of the Treasury Financial Crimes Enforcement Network

## Advisory

**FIN-2011-A004**

**Issued: February 24, 2011**

**Subject: Guidance to Financial Institutions on Recent Events in Libya**

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The Financial Crimes Enforcement Network (FinCEN) is issuing this Advisory to U.S. financial institutions to take reasonable risk-based steps with respect to the potential increased movement of assets that may be related to the situation in Libya.<sup>1</sup> During this period of uncertainty, FinCEN is issuing this Advisory to remind U.S. financial institutions of their requirement to apply enhanced scrutiny for private banking accounts held by or on behalf of senior foreign political figures<sup>2</sup> and to monitor transactions that could potentially represent misappropriated or diverted state assets, proceeds of bribery or other illegal payments, or other public corruption proceeds. Financial institutions should be aware of the possible impact the events in Libya may have on patterns of financial activity when assessing risks related to particular customers and transactions.

## Guidance

If a financial institution knows, suspects, or has reason to suspect that a transaction relating to senior foreign political figures involves funds derived from illicit activity, if the transaction appears to have no business or lawful purpose, or if a customer has engaged in activities indicative of money laundering, terrorist financing, or any other violation of federal law or regulation, the financial institution must file a Suspicious Activity Report (SAR).<sup>3</sup> Additionally, covered financial institutions are reminded of the regulations implementing section 312 of the USA PATRIOT Act, (31 U.S.C. 5318(i)), which require a written due diligence program for private banking accounts held for non-U.S. persons designed to detect and report any known or suspected money laundering or other suspicious activity.<sup>4</sup> In instances where senior foreign political figures maintain private banking accounts at a covered institution, those financial institutions are required

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<sup>1</sup> For the latest information from the United States Department of State regarding developments in Libya, please see <http://www.state.gov/secretary/rm/2011/02/156836.htm>.

<sup>2</sup> "Senior foreign political figure" means a current or former senior official of a foreign government or of a major foreign political party; a senior executive of a foreign government-owned commercial enterprise; a corporation, business, or other entity that has been formed by, or of the benefit of, any such individual; the immediate family members of any such individual; and a person who is widely and publicly known (or is actually known by the relevant covered financial institution) to be a close associate of such individual. For the purposes of this definition, "senior official or executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources and "immediate family member" means spouses, parents, siblings, children and a spouse's parents and siblings. See 31 CFR 103.178(c) and 31 CFR 103.175(r).

<sup>3</sup> See, e.g., 31 CFR 103.18.

<sup>4</sup> See, generally, 31 CFR 103.178.

to apply enhanced scrutiny of such accounts to detect and report transactions that may involve the proceeds of foreign corruption.<sup>5</sup>

In April 2008, FinCEN issued Guidance to assist financial institutions on reporting suspicious activity regarding proceeds of foreign corruption. That Guidance also highlights potential indicators of transactions that may be related to proceeds of foreign corruption.<sup>6</sup> Financial institutions may find this Guidance useful in assisting with suspicious activity monitoring and due diligence requirements related to senior foreign political figures.

Questions or comments regarding the contents of this advisory should be addressed to the FinCEN Regulatory Helpline at 800-949-2732.

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<sup>5</sup> 31 CFR 103.178(c).

<sup>6</sup> See “Guidance to Financial Institutions on Filing Suspicious Activity Reports Regarding the Proceeds of Foreign Corruption,” FIN-2008-G005 (April 17, 2008).

[http://www.fincen.gov/statutes\\_regs/guidance/html/fin-2008-g005.html](http://www.fincen.gov/statutes_regs/guidance/html/fin-2008-g005.html).