FinCEN Issues Advisory on Human Rights Abuses Enabled by Corrupt Senior Foreign Political Figures and Their Financial Facilitators

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Immediate Release: June 12, 2018

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) issued an advisory today to U.S. financial institutions to highlight the connection between corrupt senior foreign political figures and their enabling of human rights abuses. The use of financial facilitators is one way that corrupt senior foreign political figures access the U.S. and international financial systems to move or hide illicit proceeds and evade U.S. and global sanctions. These corrupt senior foreign political figures and facilitators often contribute directly or indirectly to human rights abuses, which have a devastating impact on individual citizens, societies, and economic development.

“Treasury takes very seriously its mission to protect the international financial system from illicit national security threats, including exploitation by human rights abusers, corrupt actors, and others who prey on vulnerable populations for personal profit. FinCEN is issuing this advisory to warn financial institutions about the use of financial facilitators, shell companies, and other schemes corrupt actors and human rights abusers use to move and hide their illicit proceeds and evade sanctions,” said Treasury Undersecretary Sigal Mandelker. “Treasury is sharing information with financial institutions, foreign counterparts, and non-governmental organizations on evolving tactics and typologies across the globe, particularly in regions susceptible to abuse. We must to put an end to the long-standing business of government leaders and their financial facilitators in devastated areas profiting off of the backs of the innocent. Financial institutions worldwide are a critical part of that effort.”

“Theft and other bad acts committed by corrupt senior foreign political figures undermine democratic institutions, destabilize economies, and erode societal foundations,” said FinCEN Director Kenneth A. Blanco. “FinCEN is committed to continuing its fight against corruption and those who use the U.S. financial system to further their nefarious activities at the expense of innocent people.”

U.S. financial institutions may expose themselves to risks by holding the accounts of these corrupt individuals directly or indirectly through correspondent banking relationships. The advisory reminds financial institutions of their obligations under the Bank Secrecy Act to report suspected illicit activity by these facilitators. It also highlights the activities of those who have been subject to sanctions for providing facilitation services to human rights abusers and others engaged in corruption.
Facilitators may access the financial system to obscure and launder the illicit proceeds of high-level political corruption by using shell companies, misappropriating state assets, and exploiting the real estate sector. Consistent with existing regulatory obligations, financial institutions should take reasonable, risk-based steps to identify and limit exposure they may have to funds and other assets associated with individuals and entities providing financial facilitation for corrupt senior foreign political figures. The advisory also reminds financial institutions of their obligations regarding the filing of Suspicious Activity Reports (SARs) related to facilitators of corrupt senior foreign political officials.

When filing a SAR, financial institutions should provide all pertinent available information in the SAR form and narrative. FinCEN further requests that financial institutions select SAR field 35(l) and reference the advisory by including the key term “Financial Facilitator FIN-2018-A003” in the SAR narrative and in SAR field 35(z) to indicate a connection between the suspicious activity being reported and the persons and activities highlighted in the advisory.

FinCEN’s mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

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