



Bank Secrecy Act

FIL-101-2004
September 1, 2004

TO: CHIEF EXECUTIVE OFFICER (also of interest to BSA Compliance Officer)

SUBJECT: First Merchant Bank OSH Ltd., Lefkosa/Nicosia, Cyprus – Subject of Primary Money Laundering Concern

Summary: *The U.S. Department of the Treasury has designated First Merchant Bank OSH Ltd., Lefkosa/Nicosia, Cyprus (including its subsidiaries), to be a financial institution of primary money laundering concern and has issued a proposed special measure.*

On August 18, 2004, the U.S. Department of the Treasury (Treasury) announced the designation of First Merchant Bank OSH Ltd., Lefkosa/Nicosia, Cyprus (and its subsidiaries), to be a financial institution of "primary money laundering concern" under Section 311 of the USA PATRIOT Act. For purposes of this document and unless otherwise noted, reference to First Merchant Bank includes First Merchant Bank OSH Ltd. and any other branch, office or subsidiary of First Merchant Bank. Wholly owned subsidiaries of First Merchant Bank OSH Ltd. include FMB Finance Ltd. (British Virgin Islands), First Merchant International Inc. (Bahamas), First Merchant Finance Ltd. (Ireland), and First Merchant Trust Ltd. (Ireland).

Treasury, acting through the Financial Crimes Enforcement Network (FinCEN), is issuing a proposed rule to impose special measures against First Merchant Bank. The proposed rule would prohibit U.S. financial institutions from opening or maintaining correspondent or payable-through accounts in the U.S. for, or on behalf of, First Merchant Bank. This proposed prohibition extends to correspondent or payable-through accounts maintained for other foreign banks when such accounts are used by the foreign bank to provide financial services to First Merchant Bank indirectly.

Treasury is soliciting written comments regarding this proposed rule. The proposed rule can be found on the FinCEN Web site under "What's New" at <http://www.fincen.gov>. Comments must be submitted on or before September 23, 2004, to Treasury via electronic mail at regcoments@fincen.treas.gov. Include RIN 1506-AA65 in the subject line of the message. Comments may also be submitted by paper mail to FinCEN, P.O. Box 39, Vienna, Virginia 22183. Include RIN 1506-AA65 in the body of the text.

Please distribute this information to the appropriate personnel in your institution.

For your reference, FDIC Financial Institution Letters may be accessed from the FDIC's Web site at <http://www.fdic.gov/news/news/financial/2004/index.html>. To learn how to

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Director
Division of Supervision and Consumer Protection

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