



ANTI-MONEY LAUNDERING MEASURES

FIL-110-2001
December 28, 2001

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interim Guidance Concerning Correspondent Accounts Established or Maintained for Certain Foreign Banking Institutions*

On October 26, 2001, the President signed into law the USA PATRIOT Act (the Act). Title III of the Act makes a number of amendments to the anti-money laundering provisions of the Bank Secrecy Act. These amendments are intended to make it easier to prevent, detect and prosecute international money laundering and the financing of terrorism. The following two provisions became effective on December 5, 2001.

Section 313(a) of the Act adds a new subsection (j) to 31 U.S.C. 5318 that prohibits certain financial institutions from providing correspondent accounts to foreign "shell banks" and requires those financial institutions to take reasonable steps to ensure that correspondent accounts provided to foreign banks are not being used to indirectly provide banking services to foreign "shell banks." The prohibition in Section 5318(j) took effect on December 25, 2001.

Section 319(b) of the Act adds a new subsection (k) to 31 U.S.C. 5318 that requires certain financial institutions that provide correspondent accounts to a foreign bank to maintain records of the foreign bank's owners and agents in the United States designated to accept service of legal process.

A copy of the November 27, 2001, *Federal Register* notice containing the amendments and interim guidance for compliance is attached for your information. The notice describes a certification that financial institutions may use as an interim means to assist them in meeting their obligations related to dealing with foreign shell banks under section 5318(j) and recordkeeping under section 5318(k). Please note that this certification will not satisfy a financial institution's obligations under any other provisions of the Act, or any other applicable law or regulation. Certification also is not a substitute for due diligence. Appropriate due diligence procedures should be applied when opening any correspondent account.

The FDIC will amend its examination procedures to address the new requirements. For further information, you may contact the FDIC's Special Activities Section at 202-898-6750. Questions also may be submitted electronically to alert@fdic.gov.

For your reference, all FDIC Financial Institution Letters published since 1995 may be found on the FDIC's Web site at www.fdic.gov under "Newsroom, Events & FOIA." To learn how to automatically receive FDIC Financial Institution Letters through e-mail, please visit <http://www.fdic.gov/news/news/announcements/index.html>.

Michael J. Zamorski
Director

Attachment: [Nov. 27, 2001, Federal Register, pages 59342-59351](#) PDF (263 KB File - [PDF Help](#) or [Hard Copy](#))

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).

Inactive